PAULA DONALDSON

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EDUCATION

University of California San Diego   2020 -
Ph.D. Candidate in Economics
Advisor: Prof. Johannes Wieland

Universidad de Buenos Aires (UBA)   2010 - 2014
B.A. in Economics, *Magna Cum Laude*

RESEARCH FIELDS

Macroeconomics, International Economics, International Trade

WORKING PAPERS

The Financial Channel of Tax Amnesty Policies with Federico Bernini, Ezequiel Garcia-Lembergman, Leticia Juarez [PDF]
In the past two decades, over 30 countries have implemented tax amnesty policies to encourage the declaration and repatriation of hidden assets, with the goal of increasing government tax revenues. While previous literature has primarily focused on the fiscal impact, this paper studies a new channel: the potential expansion of the financial sector resulting from these policies. We examine the macroeconomic effects of Argentina's 2016 Tax Amnesty, one of the largest programs for disclosing hidden assets, through the financial channel. This amnesty led to an influx of savings into domestic banks, primarily in dollars, equivalent to 1.4% of GDP. We leverage the heterogeneous exposure of banks and firms to this amnesty-induced financial shock to identify bank responses and the spillovers to firms in the private sector. We find that more exposed banks significantly increased their lending compared to less exposed ones. Firms connected to banks with higher exposure experienced increased borrowing, along with a boost in imports of intermediate inputs, exports and employment. Our findings reveal that tax amnesty policies can stimulate economic growth by expanding the financial sector, demonstrating effects beyond their direct fiscal impact. These results are particularly relevant for countries with underdeveloped financial systems, where the potential for growth through improved access to capital is significant.
Awarded 2024 ANCE Julio H.G. Olivera Prize

WORK IN PROGRESS

Place-Based Policy for National Welfare with Fabian Trottner, Rowan Shi
We propose a novel rationale for nationally designed place-based policies: imperfect competition in local labor markets. To outline and analyze the implications of this mechanism for welfare and policy, we develop a spatial equilibrium model where firms have market power in both labor and product markets. Market power in local labor markets distorts the allocation of resources within and across regions, implying different industrial efficiencies and returns to scale across space. Solving the problem of a planner, we show that place-based industrial policy can be optimal even absent redistributional motives, because it addresses inefficiencies arising from market power. Moreover, such policy must be designed at the national level, to account for how an integrated goods market transmits local labor market imperfections across regions. To quantify the importance of our theoretical results, we study the effects of the German place-based policies aimed at eliminating disparities between the Western and Eastern states.

Why Are Some Recoveries Weak and Others Strong? with Johannes Wieland
The recoveries from the 1990-1, 2001, and 2007-9 recessions have been weak relative to other postwar

business cycles. We show this is also true in the cross-section. Leveraging heterogeneous exposure to the national business cycle across U.S. States, we estimate the cross-sectional recovery elasticity with respect to the recession depth. For the 1990-1, 2001, and 2007-9 recessions we estimate a positive recovery elasticity so that relatively larger recession in the cross-sections is followed by a relatively weaker recovery. For the other postwar recessions we estimate a recovery elasticity close to -1 so the recovery compensates exactly for the larger recession. Our cross-sectional estimates are consistent with these recessions being caused by different shocks. Boom-bust cycles give rise to positive recovery elasticities and intertemporal shocks, such as monetary policy shocks, to recovery elasticities of -1. Our cross-sectional estimates are not consistent with models of hysteresis or tight monetary policy, and thus help discipline explanations for why some recoveries are weak and others are not.

Estimation of Portable Statistics with Heterogenous Agents - An Application to Cross-sectional Fiscal Multipliers

Cross-sectional identification methods are widely used in macroeconomics. A common strategy leverages differences in exposure to aggregate shocks across units to identify key elasticities. Central to this approach is the assumption that, by exploiting only relative differences across units and time fixed-effects, general equilibrium (GE) effects are differenced-out. This ensures the portability Nakamura & Steinsson (2018) of these estimates. I study the identification challenge that arises when exposure shifters to multiple aggregate variables are correlated across units and these variables co-move over time. In such cases, time fixed effects are not enough to difference-out GE effects. I propose a new framework that decomposes cross-sectional estimates into a portable component and a GE-driven term using cross-sectional and time-series methods. Applying the framework to estimate the U.S. cross-sectional fiscal multiplier, I find that accounting for the GE effects that operate through changes in interest rates dampens the multiplier by an order of magnitude. This finding challenges the view that cross-sectionally identified multipliers are independent from the monetary stance. Finally, I validate these findings with a 2-region TANK model, illustrating how regional heterogeneity and monetary policy shape cross-sectional multipliers.

PAST WORK EXPERIENCE

Central Bank of Argentina, Senior Assistant	2015 - 2020

RESEARCH EXPERIENCE

Research Assistant - Prof. Johannes Wieland (UCSD)	2021 - 2024
Research Assistant - Prof. Juan Herreño (UCSD)	2022
Research Assistant - Prof. Paul Niehaus (UCSD)	2022
Research Assistant - Prof. Fabian Trottner (UCSD)	2021
Research Assistant - Prof. Juana Brufman (UBA)	2013-2014

TEACHING EXPERIENCE

University of California San Diego - Teaching Assistant	2021-2024
Intermediate Econometrics, Monetary Economics, Introductory Macroeconomics, International Trade	
Universidad de Buenos Aires - Teaching Assistant	2013-2017
Econometrics	

AWARDS AND FELLOWSHIPS

Clive Granger Research Fellowship, UCSD	2024
Summer Graduate Research Fellowship, UCSD	2021 - 2022
Regents Fellowship, UCSD	2020 - 2021
Fulbright Foreign Student Program (declined)	2020
Raul Prebisch Young Researcher Award (Central Bank of Argentina)	2014
PROPAI Research Scholarship (UBA)	2013

CONFERENCE PRESENTATIONS

2022 JIE Summer School, Crete
2024 SED

COMPUTER SKILLS

Python, Stata, Matlab, R

LANGUAGES

Spanish (native), English (proficient)

ADDITIONAL INFORMATION

Citizenship: Argentinian