

**DAMIÁN VERGARA**  
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**BUSINESS ADDRESS:**

Department of Economics  
530 Evans Hall, #3880  
Berkeley, CA 94720-3880

**DESIRED RESEARCH AND TEACHING FIELDS:**

PRIMARY

Public Economics  
Labor Economics

SECONDARY

Applied Econometrics  
Applied Microeconomics  
Public Policy

**FIELDS OF CONCENTRATION:**

Public Economics, Labor Economics

**DISSERTATION TITLE:** "Essays on Public and Labor Economics"

Expected Date of Completion:	May 2023
Principal Advisor:	Professor Danny Yagan
Other References:	Professors Patrick Kline and Emmanuel Saez

**PRE-DOCTORAL STUDIES:**

	DEGREE	DATE	FIELD
Universidad de Chile	M.A.	2016	Economics
Universidad de Chile	B.A.	2013	Business and Economics

**WORKING PAPERS:**

“Minimum Wages and Optimal Redistribution” (**Job Market Paper**)

**Abstract:** This paper analyzes whether a minimum wage should be used for redistribution on top of taxes and transfers. I characterize optimal redistribution for a government with three policy instruments -- labor income taxes and transfers, corporate income taxes, and a minimum wage -- using an empirically grounded model of the labor market with positive firm profits. A minimum wage can increase social welfare when it increases the average post-tax wages of low-skill labor market participants and when corporate profit incidence is large. When chosen together with taxes, the minimum wage can help the government redistribute efficiently to low-skill workers by preventing firms from capturing low-wage income subsidies such as the EITC and from enjoying high profits that cannot be redistributed via corporate taxes due to capital mobility in unaffected industries. Event studies show that the average US state-level minimum wage reform over the last two decades increased average post-tax wages of low-skilled labor market participants and reduced corporate profits in affected industries, namely low-skill labor-intensive services. A sufficient statistics analysis implies that US minimum wages typically remain below their optimum under the current tax and transfer system.

“Placed-Based Redistribution”

With C. Gaubert, P. Kline, and D. Yagan. *R&R at the American Economic Review*.

**Abstract:** Governments around the world redistribute to distressed areas by conditioning taxes and transfers on location. We show that when poor households are spatially concentrated, transfers from one location to another can yield equity gains that outweigh their efficiency costs, even when income-based transfers are set optimally. Expressions for the optimal transfer size depend on the mobility of households, the earnings responses of movers, and sorting patterns. Surveys find support for targeting tax credits to poor Americans who live in distressed places. A calibration exercise finds optimal transfers of the same order of magnitude as prominent American zone policies.

“An Observational Implementation of the Outcome Test with an Application to Ethnic Prejudice in Pretrial Detentions  
With N. Grau. *R&R at The Review of Economics and Statistics*.

**Abstract:** We propose an observational implementation of the outcome test that uses predicted selection status to identify marginal individuals. We provide conditions under which selected individuals with lower propensity scores are more likely to be marginal given their observables and propose empirical diagnostics to assess their plausibility. Our approach requires neither instruments nor the random assignment of decision-makers, allows for unrestricted correlation between observables and unobservables, and can accommodate non-monotone patterns of discrimination. We illustrate our method by analyzing prejudice in pretrial detentions against the Mapuche, the largest ethnic minority group in Chile, and find strong evidence of prejudice against them.

“Workplace Litigiousness and Labor Market Outcomes: Evidence from a Workers’ Compensation Reform”  
With M. Lauletta.

**Abstract:** This paper studies a reform to the workers' compensation system in Argentina that established a mandatory first step after work-related accidents: workers were mandated to notify a government medical commission that determines the degree of disability, whether the injury is related to the worker's occupation, and the corresponding compensation, before any further legal action could be taken. Exploiting the staggered implementation of the reform across provinces, we find that the reform substantially reduced workplace lawsuits with no effect on reported accidents, thus generating efficiency gains in the labor market. Results suggest a noisy increase in employment in affected provinces of almost 2% after the reform, with no effects on wages or the number of active firms. When zooming at the sector-by-province level, we find that employment significantly increased by more than 5% one year after the reform in sectors that were most affected by litigiousness in the year prior to the reform --construction, mining, and manufacturing, with no corresponding increase in average wages.

“Discrimination Against Immigrants in the Criminal Justice System: Evidence from Pretrial Detentions”  
With P. Domínguez and N. Grau.

**Abstract:** This paper tests for discrimination against immigrant defendants in the criminal justice system in Chile using a decade of nationwide administrative records on pretrial detentions. Observational benchmark regressions show that immigrant defendants are 8.6 percentage points less likely to be released pretrial relative to Chilean defendants with similar proxies for pretrial misconduct potential. Diagnostics for omitted variable bias -- including a novel test to assess the quality of the proxy vector based on comparisons of pretrial misconduct rates among released defendants -- suggest that the discrimination estimates are not driven by omitted variable bias and that, if anything, failing to fully account for differences in misconduct potential leads to an underestimation of discrimination. Our estimates suggest that discrimination stems from an informational problem because judges do not observe criminal records in origin countries, with stereotypes and taste-based discrimination playing a role in the problem's resolution. We find that discrimination is especially large for drug offenses and that discrimination increased after a recent immigration wave.

## SELECTED WORK IN PROGRESS:

- “Small Firms, Tax Avoidance, and Income Inequality: Evidence from Chile”
- “Directed Search, Minimum Wages, and Job Applications: Evidence from an Online Job Board”  
With V. Escudero and H. Liepmann.
- “Sectoral Minimum Wages, Firms, and Wage Inequality: Evidence from Matched Employer-Employee Data in Uruguay”  
With M. Bergolo, R. Ceni, and M. Fondo.
- “Gender Bias in College Admissions”  
With M. Grau, N. Grau, and T. Reyes.

## PUBLICATIONS:

- “Combining Discrimination Diagnostics to Identify Sources of Statistical Discrimination”  
With P. Domínguez and N. Grau, *Economics Letters*, vol. 212, 110294, 2022.
- “Do Policies and Institutions Matter for Pre-Tax Income Inequality? Cross-Country Evidence”  
*International Tax and Public Finance*, vol. 29(1), 20-52, 2022.
- “Trends in US Spatial Inequality: Concentrating Affluence and a Democratization of Poverty”  
With C. Gaubert, P. Kline, and D. Yagan, *AEA Papers and Proceedings*, vol. 111, 520-525, 2021.
- “Ambiguity and Long-Run Cooperation in Strategic Games”  
With M. Rojas, *Oxford Economic Papers*, vol. 73(3), 1077-1098, 2021.
- “Using Small Businesses for Individual Tax Planning: Evidence from Special Tax Regimes in Chile”  
With C. Agostini, E. Engel, and A. Repetto, *International Tax and Public Finance*, vol. 25(6), 1449-1489, 2018.

## PROFESSIONAL EXPERIENCE:

### POLICY ADVISOR:

Ministry of Finance, Chile (2022): advise on the use of administrative tax data for revenue and distributional estimates.

### RESEARCH:

Research Assistant: UC Berkeley (2018, Prof. A. Gelber), Espacio Público (2016-2017, Santiago, Chile), Universidad de Chile (2012-2016, Santiago, Chile), Chilean Antitrust Agency (2012-2013, Santiago, Chile), ECLAC (2010-2011, Santiago, Chile)  
Department of Economic Development

### JOURNAL REFEREEING:

*Journal of Economic Inequality, Journal of Public Economics, Review of Economics and Statistics.*

## TEACHING:

Graduate Student Instructor, Department of Economics, U.C. Berkeley (Fall 2008- Fall 2022)

Undergraduate: Intermediate Microeconomics.

Graduate: Mathematical Tools for Economics (x4).

Teaching Assistant, Department of Economics, Universidad de Chile (2009-2015)

Undergraduate: Calculus I (x2), Development Economics (x2), Econometrics I (x2), Econometrics II, Introduction to Economics, Mathematical Methods for Economics, Microeconomics I (x2), Microeconomics II (x3).

Graduate: Mathematical Methods, Macroeconomics I (x2), Macroeconomics II (x2), Microeconomics I.

## BOOK CHAPTERS:

"Cómo Diseñar Impuestos: Teoría Económica y Evidencia Empírica" (in Spanish)

In *Impuestos Justos para el Chile que Viene*, edited by J. Atria and C. Otero, Fondo de Cultura Económica

Overview of the optimal income tax literature for a non-specialized audience.

## PRE-DOCTORAL RESEARCH AND POLICY PAPERS

"Diagnóstico Distributivo de Ingreso y Patrimonio, y Análisis de la Propuesta de Reforma Tributaria en Materia de Renta y Riqueza" (in Spanish)

With N. Bohme, I. Flores, P. Gutiérrez, R. Smith, and P. Valenzuela, Ministry of Finance, Chile, 2022.

"Natural Resources and Educational Attainment: Evidence from Chile"

With R. Álvarez, *Resources Policy*, vol. 76, 102573, 2022.

"Análisis de la Implementación de las Nuevas Reglas de Financiamiento a la Política y Campañas Electorales" (in Spanish)

With E. Engel, M. Jaraquemada, and N. Campos, *Informe de Políticas Públicas*, Espacio Público, 2018.

"Principios para una Reforma al Sistema de Pensiones" (in Spanish)

With E. Engel, E. Fajnzylber, P. Fernández, S. Gray, and A. Repetto, *Informe de Políticas Públicas*, Espacio Público, 2017.

"Sistema de Pensiones: Opiniones y Demandas Ciudadanas" (in Spanish)

*Documento de Referencia*, Espacio Público, 2017.

## FELLOWSHIPS AND AWARDS:

2022	O-Lab Initiative on Racial Equity in the Labor Market, Fellowship, UC Berkeley
2021-2022	Law, Economics, and Politics Center (LEAP), Fellowship, UC Berkeley
2021	Center of Equitable Growth (CEG), Fellowship, UC Berkeley
2020	Burch Center, Fellowship, UC Berkeley
2019	Institute of International Studies (IIS), Pre-Dissertation Research Grant
2016	Best Student of Class, M.A. in Economics, Universidad de Chile
2014-2015	Scientific Chilean Council (CONICYT), Fellowship, Chile
2014	Top 1% of Class, B.A. in Economics, Universidad de Chile

## OTHER INFORMATION:

Languages: Spanish (native), English (fluent)

Citizenship: Chile