

## Research Statement

I am an empirical microeconomist who specializes in household and corporate finance. In household finance, my work focuses on financial constraints and the role of collateral. In corporate finance, I examine similar barriers—rooted in information and agency problems—that prevent firms from accessing productive opportunities. Across both, I use administrative data, quasi-experimental research designs, and structural models to (i) identify the contracting frictions that create barriers in credit and related markets and (ii) measure the consequences of these barriers for economic disparities.

In this statement, I briefly describe my research, which consists of 8 published papers (including two since joining Emory in the fall of 2023), 3 papers under revision for economics and finance journals, and several advanced stage working papers. I outline my work in household and corporate finance, as well as a complementary line of research on structural drivers of inequality beyond financial markets. I conclude by discussing the broader impact of my agenda.

### Financial Constraints on Households: The Role of Collateral

Collateral plays a critical role in a range of economic contexts, helping markets function by aligning incentives and mitigating information asymmetries. However, the need for collateral also serves as a fundamental—and persistent—barrier for those without resources. A central thread of my research highlights this tension across a series of important real-world markets. One strand uncovers new ways in which collateral requirements distort economic activity and reinforce inequality. Another identifies the dangers of relaxing these requirements for market stability.

A number of my papers focus specifically on the mortgage market, where collateral requirements—in the form of minimum down payments—are both standard and a major obstacle to homeownership. Perhaps the most basic question is why down payments are necessary at all. Do they exist solely to solve an incentive problem and discourage default, or do they also address adverse selection by allowing lenders to screen risky borrowers? Separating these explanations is a long-standing empirical challenge in the study of information asymmetries because both predict the same thing: borrowers with smaller down payments will default more.

In “**Selection, Leverage, and Default in the Mortgage Market**” [1] (RFS, 2022), we solve this challenge with a natural experiment that separates borrowers’ ex ante down payments (selection) from the amount they owe ex post (incentives). Our research design focuses on a mortgage product called an Option ARM, which featured fixed monthly payments but variable interest rates, typically tied to a LIBOR or Treasury benchmark. The key source of variation is the divergence of these benchmarks in 2008, which caused borrowers with identical down payments to owe substantially different amounts.

Our paper makes two core contributions. The first is direct evidence that adverse selection is a major factor shaping mortgage lending—confirming collateral’s crucial role as a screening device.

This insight matters for policy. With adverse selection, standard macroprudential tools can distort or destabilize the market by restricting the contracting space, as our structural model shows. The second is a well-identified estimate of the incentive effect: the impact of home equity on default. This estimate has become a standard citation in the long-running literature on the drivers of mortgage default.

While [1] shows that collateral helps screen risky borrowers, down payment requirements can also block creditworthy households who simply lack resources. The key insight of “**Financial Constraints and the Racial Housing Gap**” [2] (*JFE*, forthcoming) is that these requirements reinforce persistent racial disparities in housing and wealth. Using quasi-experimental variation in regulatory limits on FHA-insured loans, we find that tighter collateral requirements lead Black households to forgo homeownership and avoid higher-cost areas—choices that limit long-run economic opportunity. We build a new dynamic life-cycle model—calibrated to our reduced form evidence—that features a spatial poverty trap. Low-wealth households struggle to raise the down payments necessary to buy and earn in high-opportunity neighborhoods. A major lesson is that easing collateral requirements *in the right areas* can reduce spatial misallocation and help close the racial wealth gap.

Of course, collateral requirements act as a tool to help markets function in a range of settings beyond mortgage lending. In “**Effects of Credit Expansions on Stock Market Booms and Busts**” [3] (*RFS*, 2025), we show that margin requirements on households—collateral requirements that limit borrowing to purchase stocks—help stabilize equity markets. These requirements are designed to prevent excess leverage and rein in risk-taking incentives, but their quantitative role moderating stock prices is difficult to measure. Large-scale changes in margin lending are rare, and deep-pocketed investors may preempt or offset changes in prices. Our contribution is causal evidence that relaxing margin requirements impacts the level of stock prices and, ultimately, the fragility of financial markets. We examine an unprecedented deregulation of retail margin lending in China in the early 2010s. Using regression discontinuity and event study approaches, we show that relaxing collateral requirements sharply increased prices and contributed to the subsequent crash.

The barriers posed by collateral requirements also extend beyond mortgage markets. In “**The Heavy Costs of High Bail: Evidence from Judge Randomization**” [4] (*JLS*, 2016), we demonstrate that money bail—cash collateral required for pretrial release—generates inequitable outcomes in the criminal justice system. We investigate a longstanding critique: that the bail system coerces liquidity-constrained defendants into guilty pleas. The reason is simple: if someone cannot afford bail, they may struggle to prepare their defense or plead guilty to avoid sitting in jail indefinitely. Validating this critique in the data is challenging because bail is not imposed randomly. It may be assessed more frequently on defendants who are likely to be found guilty. To solve this challenge, we implement a judge stringency design, which exploits the random allocation of magistrates who differ in their tendency to impose bail.

We provide the first causal evidence that money bail causes convictions. Our results show that these collateral requirements create a system of justice in which wealth or liquidity determines the court’s disposition, rather than the facts of the case. In the years since our study, the bail system has come under increased regulatory scrutiny nationwide, with several states reforming or eliminating the use of bail. Our work has been cited repeatedly in legal challenges, and our empirical approach has become standard in the legal and economic literature studying pretrial detention.

My ongoing and future work aims to deepen our understanding of the contracting issues that shape household choice. For example, in a current working paper, “**Heterogeneous Mortgage Choice: Evidence from Denmark**” [5], we uncover cross-sectional differences in mortgage contract choice that

standard financial theories struggle to fully explain. One striking finding is the frequent adoption of adjustable-rate loans at the top of the wealth distribution. We develop a new lifecycle model in which high-wealth borrowers rely on these loans as an inexpensive means of leverage. I also have preliminary research, with an Emory PhD student, that links the rise of low-down-payment “VA” mortgages to changes in the industrial organization of mortgage markets, and work—exploiting data that connects borrower choice across generations—on the within-family factors that drive demand for mortgage contracts.

My agenda going forward requires data with difficult-to-observe detail on contract terms, as well as new linkages—tracking households over time and connecting them across neighborhoods, families, and banks. To support this work, I am actively engaged in major data construction efforts in the UK, the US, and Denmark.

## Contracting Frictions in Firms

In a second thread of my research, I turn to a related set of contracting issues that prevent firms from reaching their potential. This includes the role of collateral, as well as broader information and agency problems. My work shows how these frictions distort which markets firms enter, their interactions with suppliers, and the effectiveness of government intervention—helping to explain why differences emerge across firms and economies.

For example, a current working paper **“Credit Access and Market Access: Evidence From a Portuguese Credit Guarantee Scheme”** [6], extends my focus on collateral in household credit markets to the firm context. We show that the need for collateral acts as a barrier to accessing new export markets—a key margin through which firms grow and economies develop. We analyze a government program in Portugal that offered loan guarantees to small and medium-sized firms, effectively easing collateral requirements. We use a regression discontinuity approach—based on the program’s eligibility requirements—to provide clear causal evidence that the guarantee leads firms to enter new export markets. The simple takeaway from our work is that access to collateral—and government intervention in credit markets—shapes which firms reach international markets.

Credit is not the sole barrier that keeps firms from accessing foreign markets. A large literature examines the obstacles that prevent firms from producing the high-quality goods that wealthy (and lucrative) foreign markets demand. In **“Vertical Integration, Supplier Behavior, and Quality Upgrading among Exporters”** [7] (*JPE*, 2020), we identify a new channel—agency frictions—and show that these frictions shape the boundaries of the firm. Drawing on evidence from the Peruvian fish-meal industry (the world’s largest), we show that firms vertically integrate their suppliers to improve output quality. Our model, which is based on classic multi-tasking theories, has a simple intuition: in imperfect contracting environments, vertical integration can help ensure quality because it blunts the sharp incentives to maximize quantity that exist in spot markets.

Our central contribution is empirically linking a classic economic question—the boundaries of the firm—to contracting issues that arise when firms try to upgrade quality. We show that firms use organizational structure to solve an agency problem that could be avoided in stronger contracting environments. Using administrative data across the production chain, we provide causal evidence that firms vertically integrate when high-quality goods are in demand, and that this strategy is effective: integrated suppliers shift toward quality-enhancing practices, and output quality improves.

In **“Interlinked Firms and the Consequences of Piecemeal Regulation”** [8] (*JEEA*, 2019), we con-

sider the challenges of designing incentive mechanisms in complex supply chains, using related Peruvian data. We examine a major Coasian policy shift that replaced an industry-wide quota—which generated perverse incentives to race for fish—with property rights. The reform successfully reallocated production toward more efficient firms (and protected the biomass). However, it also altered the timing of activity downstream. With less pressure to process fish immediately, factories operated over a longer season—leading to consistent pollution. We show that this extended window had substantial negative effects on the health of local populations. Our paper provides causal evidence that piecemeal regulation can backfire in interlinked industries.

Several of my recent papers focus specifically on the obstacles created by gaps in information. For example, in **“Information Frictions and Firm Take-Up of Government Support”** [9] (*RF*, *Revise & Resubmit*), we test whether informational barriers prevent less-sophisticated firms from accessing valuable government support. While awareness and complexity are well-documented impediments to the distribution of social programs to households, firms are often assumed to be better informed. We implement a randomized controlled trial in Portugal that provided targeted information about credit guarantee and wage support programs. Treated firms were significantly more likely to take up the wage support program—and more likely to survive over the next several years. Our key insight is that, even for firms, information gaps hamper the efficacy and distribution of government programs.

In **“Information and Disparities in Health Care Quality”** [10] (*AER*, *Reject & Resubmit*), we address a similar question outside of the firm context. We ask whether informational barriers prevent lower-income households from accessing high-quality healthcare. To do so, we develop a research design that exploits discontinuities in physician ratings, generating variation in perceived quality. Using microdata on physician choice for the entirety of England, we show that high-income patients are well informed about provider quality, but low-income patients face informational gaps. We use this variation to identify a structural demand model that accounts for information heterogeneity. The key takeaway is that information is responsible for disparities traditional models pin on preferences, with consequences for how and where investments in quality should be targeted.

I am actively expanding my research on the barriers small firms face in credit markets, with a particular focus on informational issues. For example, in addition to the ongoing projects discussed above (e.g., [6,9]), I have launched a major data-linking effort in the UK to track dynamic patterns of exclusion from—and entry into—borrowing markets, especially among firms that are not covered in standard datasets.

## The Structural Roots of Economic Disparities

A central theme in the work discussed above is the role collateral requirements and informational issues play as drivers of economic disparities (e.g., [2,4,6,10]). This focus is largely motivated by research I conducted at the beginning of my career examining the early-life roots of economic inequality. This includes **“Personality and the Education–Health Gradient”** [11] (*JHE*, 2013), which, like [10], examines differences in health outcomes by socioeconomic status. We show that standard measures of personality—gathered early in life—explain a sizable portion of the gap in health behaviors by education. Our findings challenge the view that cognitive ability is the key measure of intelligence explaining this disparity. Further, in **“Primate Evidence on the Late Health Effects of Early Life Adversity”** [12] (*PNAS*, 2012), a collaboration between economists and psychologists, we examine the long-run consequences of early-life deprivation. To do so, we collected historical

veterinary data from a multi-year experiment that exposes newborn rhesus monkeys to different conditions. We show that adverse experiences in the first months have lasting detrimental effects on health.

I have one ongoing project that continues this line of research. In **“Community Impacts of Mass Incarceration”** [13] (*JPAM*, Revise & Resubmit), inspired partially by [4], we examine how exposure to incarceration affects entire communities. There is a strong negative correlation between incarceration rates and academic performance across neighborhoods, but identifying a causal link is challenging: areas with high incarceration rates often face a range of other disadvantages. We address this with a new empirical strategy leveraging the entry and exit of judges who differ in sentencing tendencies. We find that exposure to incarceration reduces average academic achievement for all children in a community. These results suggest that mass incarceration has contributed to achievement gaps between more- and less-affluent areas in the United States.

## Broader Impact

Since receiving my PhD in 2017, I have established myself as an expert in empirical household and corporate finance. I am frequently called upon to referee papers for top journals in finance and economics, and to act as a discussant for major academic conferences. My own research has been impactful in both academic and policy spheres. As of June 2025, Google Scholar lists over 850 citations to my papers, with an h-index of 10. My work has been taught in PhD courses at top universities (e.g., Stanford, Columbia, NYU), presented at leading academic conferences (e.g., SITE, NBER Summer Institute, AFA), covered in major news outlets (e.g., *The Atlantic*, *VOX*, *WSJ*), and cited in district court decisions and *amicus curiae* briefs before state supreme and federal appellate courts.

## References

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