# DISSERTATION PROPOSAL

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## "Essays in Corporate Finance"

Friday, November 22, 2019
10:00 am
Tepper Quad 5219

In the first chapter, I study large firms' incentives to use trade credit, a form of short-term financing where buyer firms delay payment to supplier firms. Trade credit is typically regarded as a means of alleviating buyer financial constraints. In contrast, growing empirical evidence suggests that large, unconstrained, buyers tend to take trade credit from their smaller, more constrained, suppliers. A commonly proposed explanation is that large buyers take trade credit because they have market power. However, this simple logic does not justify why a firm would exert market power via trade credit versus entirely via a product price discount. I put forth a new mechanism immune to this criticism and consistent with existing empirical results--large buyers take trade credit to prevent their suppliers from undertaking risky investments.

The second chapter is joint work with Tetiana Davydiuk and Brent Glover, where we study trends in public capital markets. Since its peak in 1996, the number of publicly listed US firms has declined by approximately 50%. Over the same period, the average size and age of US public firms has significantly increased. We develop a model of a firm's choice to go public to understand the source of these changes. The model allows us to characterize the distributions of public and private firms as well as the optimal entry and exit policies. We calibrate the model to data before 1996 and investigate the channels through which the model is able to match the decline in the number of public firms, the increase in average public firm size, as well as other changes in the distribution of public firms.