

PABLO FORERO

pabloforero.eu
Pablo.Forero@EUI.eu
[+34] 651 808 171

EUROPEAN UNIVERSITY INSTITUTE – ECONOMICS DEPARTMENT

Personal Information:

Date of birth: 13th December 1987
Citizenship: Spanish

Undergraduate Studies:

B.A., Economics and Politics, University of Exeter, 2009

Graduate Studies:

MSc, Economics and Finance, Universidad de Navarra, 2011
MRes, Economics, European University Institute, 2013

European University Institute, 2012 to present

Ph.D. Candidate in Economics

Thesis Title: “Essays in International Trade and Labour”

Expected Completion Date: June 2018

References:

Professor Ramon Marimon
EUI Department of Economics
Ramon.Marimon@EUI.eu

Professor Juan J. Dolado
EUI Department of Economics
Juan.Dolado@EUI.eu

Assistant Professor Dominik Sachs
EUI Department of Economics
Dominik.Sachs@EUI.eu

Teaching and Research Fields:

Primary fields: International Trade, Macroeconomics

Secondary fields: Labour Economics, Computational Economics

Teaching Experience:

Spring 2015 International Trade, SAIS John Hopkins University (Bologna), Teaching Assistant for Professor Michael G. Plummer

Professional Activities:

Zurich Initiative on Computational Economics 2015, participant. COEURE Workshop on Labour Markets “EU Dual Labour Markets: Consequences and Potential Reforms” 2015, rapporteur. EABCN Training School: Micro-Structure of Trade – Theory and Evidence 2016, participant. Klaus Adam and Henning Weber “The Optimal Inflation Rate and Firm-Level Productivity Trends” at Workshop on Economics Policy Challenges Florence 2016, discussant. The Econometric Society 2016 European Winter Meeting in Edinburgh, presenting. Simposio de la Asociación Española de Economía 2016 in Bilbao, presenting.

Other Skills:

Languages: Spanish and English, Fluent. French and Italian, Basic.

Computer Skills: Matlab, Julia and Excel, Proficient. LaTeX, Office and VBA, Strong. Python, Dynare, Eviews and Stata, Familiar.

Work Experience:

Banif (Santander Private Banking), Madrid, 2009 – 10
Intern – Dept of Asset Management

Renaissance Capital, London, 2008
Intern – Dept. of Research, Sub-Saharan Africa Emerging Markets

CQS Hedge Fund, London, 2008
Intern – Summer Internship, Research

ING Capital, London, 2007
Intern – Dept. of Research, Eastern European Emerging Markets

Research Papers:

“Competition, Tasks and Earnings Inequality” – **Job Marker Paper**

Abstract: Since 2000 developed countries like the US have seen a polarization of earnings. This paper explores a novel mechanism that can explain these recent trends in earnings inequality. I build a tractable general equilibrium model which differentiates three different types of tasks: manual, routine and cognitive. Workers are heterogeneous in skill and self select into the type of task they perform. Those doing cognitive tasks perform a managerial job and are susceptible to a superstar phenomenon. I use this model to look at the effects on labour composition and the earnings structure of an increase in competition between varieties, brought by participating in a more globalized economy. I find that this increases top income inequality due to a superstar effect. At the same time, there is a trickle down effect, increasing the number of manual jobs and reducing those of cognitive tasks, which then produces a polarization of earnings.

“Optimal Haircuts” with Nicolas Aragon – Working Paper

Abstract: This paper develops a simple model of heterogeneous firms and households. Households finance firm's working capital, and firms are credit constrained and differ in their debt levels. When there is an aggregate shock, less productive firms go bankrupt. This directly decreases the demand for labour and the wage receipts for households and indirectly decreases income from the defaulted loans to firms. The main result of the paper is that there is an optimal haircut for deposits such that both firms and families are better off. Moreover, there is a tension between maximizing welfare and maximizing output. This provides a rationale for the Cyprus, Greek and Argentinean experience. We extend the model to an open economy and show an equivalence result. The model is also extended to infinite horizon to perform a quantitative exercise for the Argentinean devaluation of 2001.

“Seniority before homogeneity: A firm's firing and hiring decision under firing costs with heterogeneous tenure” – Working Paper

Abstract: In most labour markets the cost of firing a worker increases with the years of seniority the worker has in the firm. But the heterogeneity of workers in this dimension is often ignored by the literature. But many labour markets, especially dual labour markets, seem to have large and discontinuous jumps in the firing costs with seniority. This can lead to changes in the hiring and firing behavior of firms as they fire workers before the large increase of firing costs, which then affects the seniority structure of the labour market. This paper studies the effects of non-continuous changes in firing costs with respect to seniority and its effects on the labour market. For this I create a partial equilibrium dynamic problem for a firm who can fire its current workers or hire new ones with seniority zero. Each period staying workers increase their seniority by one. I show that small non-continuous changes for firing costs in the seniority dimension can have large effects on the probabilities of being fired before the increase. This creates a labour market similar to dual labour markets. But the overall effects on employment can also be positive for the labour market.

“Behavioural Cycles” with Nicolas Aragon – Work in Progress

Abstract: We include behavioral biases in an open economy real business cycle model. Agents learn about different mental models regarding the processes generating disposable income. We combine Barberis et al (1998) and Mullainathan (2002) in order to create waves of optimism, pessimism, over reaction and under reaction. The model can explain three stylized facts found in developing economies that the standard model cannot capture: i) high consumption to output volatility ii) countercyclical trade balance and iii) sudden stops.