
CURRICULUM VITAE

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EDUCATION

Ph.D. in Economics (expected May 2008), Duke University, Durham, NC, USA.

M.A., Economics, Duke University, Durham, NC, USA, September 2004.

M.A., Economics, Universidad de los Andes (Bogotá, Colombia), March 2001.

B.A., Economics, Universidad de los Andes (Bogotá, Colombia), March 2000.

AREAS OF SPECIALIZATION

Primary Fields: Macroeconomics, International Finance.

Secondary Fields: Time Series Econometrics.

DISSERTATION

Title: "Oil Prices and Fiscal Policy in Small Open Economies"

Committee: Craig Burnside (chair), Tim Bollerslev, Barbara Rossi, Stephanie Schmitt-Grohé, Martín Uribe.

PROFESSIONAL AND ACADEMIC EXPERIENCE

- Summer 2007 International Monetary Fund.
Summer Intern
- 2003~2008 Department of Economics, Duke University, Durham, USA
- R.A., Professor Craig Burnside (Spring 2007 ~ Spring 2008).
 - Head T.A., Intermediate Macroeconomics (Fall 2005 ~ Spring 2006).
 - T.A., Macroeconomics First year Ph.D., (Fall 2004 ~ Spring 2005).
 - R.A., Professor Stephanie Schmitt-Grohé, (Summer 2004).
 - T.A., American International Economic Policy, (Summer 2003 ~ Spring 2004).
- 2000 ~ 2002 Latin American Reserves Fund, Bogotá – Colombia.
Junior Economist, June 2000 ~ July 2002.
- 1999 Banco de la República (Central Bank of Colombia), Bogotá – Colombia.
Intern, Reserves Department, (January ~ June 1999)

WORKING PAPERS

1. “Oil Price Booms and Their Impact Through Fiscal Policy”, Fall 2007, Job Market Paper
2. “Optimal Fiscal Policy for Resource Exporting Small Open Economies” Fall 2007
3. “Implementable Fiscal Rules When Natural Resource Exhaustibility Becomes Binding”, Fall 2007
4. “Higher Moments Matter: Empirical Implications for the Analysis of 'Sudden Stops' within Business Cycles” Fall 2005.

ACADEMIC HONORS AND AWARDS

- Duke University, Graduate School, Summer Fellowship 2006.
- Department of Economics, Summer Fellowship 2005.
- Full Scholarship, Department of Economics, Duke University, 2002~2007.
- Calvin B. Hoover Graduate Fellowship, Duke University, 2002~2003.
- Banco de la República, Colombia (Central Bank of Colombia). Full Ph.D. Scholarship (Declined).
- Selected for the “Special Admission Program for the Best High School Students in the Country” (Declined), Universidad Nacional de Colombia.

PRESENTATIONS

2008: Georgetown University, Notre Dame University, Board of Governors of the Federal Reserve System, Bank of Canada, Columbia University (GSB), Oxford University, Fordham University (Business School), Baruch College CUNY.

2007: LACEA, October; International Monetary Fund, June and September.

SKILLS AND OTHER INFORMATION

Computer Skills: MATLAB, Eviews, LaTeX, Scientific Workplace, MS-Office
Languages: Spanish (native), English (fluent)

REFERENCES

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Stephanie Schmitt-Grohé, Professor of Economics, Duke University
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DISSERTATION SYNOPSIS

My dissertation consists of two related papers that consider the role of fiscal policy as a propagation mechanism of unanticipated oil shocks in an oil-exporting small open economy.

In the first (job market) paper, I analyze the impact of oil price shocks in an economy where oil revenue constitutes a large component of total government revenue, making fiscal policy directly sensitive to oil prices. I find that fiscal policy is a very important transmission mechanism, as it determines the degree of exposure of domestic variables to an external shock of this kind.

I assess the relevance of the fiscal channel by conducting an empirical analysis for Mexico and Norway, two oil-rich countries with different fundamentals. I find that in Mexico a temporary but persistent oil price shock generates significant increases in government purchases, consumption and output, as well as a real appreciation. Norwegian data, on the other hand, does not yield the same predictions. I find that an oil price shock of this kind does not generate significant increases in tradable output, nontradable output or government purchases, despite generating significant rises in oil revenue. Arguably, the difference lies in the way fiscal policy is conducted.

To illustrate the mechanisms through which oil prices affect the economy, my theoretical analysis considers a two sector DSGE model. The full version of the model captures several key features. First, an oil price shock creates a wealth effect which will tend to increase consumption and cause an appreciation of the real exchange rate. Absent any change in production or tax rates, the value of government revenue increases. If there are no changes in other fiscal variables, the model predicts a nominal exchange rate appreciation. Second, if government purchases of goods and services increase as a response to the oil price shock, they dampen the wealth effect generated by the shock and exacerbate the scarcity of nontradable goods, inducing a larger real exchange rate appreciation, a larger drop in nontradable consumption and a smaller increase in tradable consumption. Third, adding production partially neutralizes the real appreciation pressure generated by government purchases, as nontradable output increases and this partially accommodates higher demand. Fourth, letting tax rates respond to the shock has no wealth effect on labor, given my choice of household preferences. Nonetheless, it does generate a substitution effect as wages increase temporarily, inducing a transitory increase in labor. Finally, introducing government purchases in effective consumption stimulates the comovement between the two variables when they are complements.

To gauge the model's performance, I calibrate and estimate the model so that it matches some features of each economy (Mexico and Norway), and I compare the impulse responses of consumption, output and the real exchange rate implied by the model with the corresponding responses in the data, which are measured---as mentioned above---using a VAR. Taking each country's fiscal framework as given---by assuming that government purchases, transfers and government revenue respond to the oil shock in the model as they do in the data---I find that the model is able to match the data responses for both countries. Absent the fiscal policy responses, the model cannot explain the data, suggesting that the fiscal channel is the key transmission mechanism of oil price shocks.

Given the relevance of fiscal policy design in the framework of this type of economy, in the second paper I revisit Mexico, but I no longer take fiscal responses as given by the data. Instead, I analyze how the responses of output, consumption, and the real exchange rate to unanticipated shocks change when there are alternative fiscal policies in place. I consider alternative fiscal rules (optimal and non-optimal) and analyze the dynamics generated by an oil price shock, a productivity shock and a government spending shock under each one of them. I study whether it is better to use rules that are based on the oil, the non-oil or the overall balance. Additionally, I consider the implications of the exhaustibility of the resource.