

# Diego Calderón

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## CONTACT INFORMATION

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## EDUCATION

**University of Warwick**, Coventry, United Kingdom

Ph.D. in Economics (Expected: 2023)

MRes. in Economics, 2018

**Universidad de Chile**, Santiago, Chile

M.Sc. in Economic Analysis, 2014

B.A. in Economics, 2013

## RESEARCH INTERESTS

Macroeconomics, International Economics, Economic Theory.

## WORKING PAPERS

**“Self-fulfilling Beliefs, Terms-of-trade Dynamics, and Economic Welfare”** (JOB MARKET PAPER)

**Abstract:** I study an open economy overlapping generations model in which large transitory shocks can generate permanent changes in economic welfare. When traded goods are poor substitutes, the model displays multiple equilibria: this creates the possibility of self-fulfilling fluctuations. This is important for researchers interested in international business cycles because the same transitory shock can have either transitory or permanent effects, depending on agents’ beliefs. I solve this model using a non-trivial application of Negishi’s method. This method allows me to describe equilibria using a low-order dynamical system that depends on the number of countries rather than the number of goods. In numerical simulations, I show that large and transitory endowment shocks can cause a shift from one equilibrium to another. Shifts of this kind are associated with large and persistent fluctuations in the terms of trade and the real exchange rate, as well as substantial and long-lasting welfare effects.

**“Keynesian Search during the U.S. Great Depression”** (with Roger E. A. Farmer)

**Abstract:** Using historical data from the U.S during the Great Depression we use Bayesian techniques to estimate and compare three model specifications discussed in Farmer (2021). One specification corresponds to a Real Business Cycle (RBC) model driven by productivity shocks. The other two specifications are labelled Keynesian Search models as they display a continuum of non-stochastic steady-state unemployment rates (or steady-state indeterminacy) and are driven by shocks to beliefs. In the first Keynesian Search model, beliefs about investment expenditure follow an exogenous process. In the second, beliefs about the value of the stock market follow an exogenous process. The empirical results show that both Keynesian Search specifications outperform the RBC model in fitting the data. Among the Keynesian Search models, data favour the first specification. This result suggests that an effective way to restore full employment in the aftermath of the Great Depression in the U.S was to replace private investment with public investment.

## WORK IN PROGRESS

**“Macroprudential Policy under Persistent Stagnation”** (with Marc Hinterschweiger)

PUBLICATIONS	<p>“The Copper Sector, Fiscal Rules, and Stabilization Funds In Chile: Scope And Limits” (with Andrés Solimano) in <i>Extractive Industries</i>, edited by Tony Addison and Alan R. Roe. Oxford University Press, 2018.</p>	
RESEARCH EXPERIENCE	<p><b>Bank of England</b></p> <p>Ph.D. Internship, Prudential Policy Directorate (PPD) Supervisor: Marc Hinterschweiger (Marc.Hinterschweiger@bankofengland.co.uk).</p> <p><b>University of Warwick</b></p> <p>Research assistant to Professor Roger E. A. Farmer. Research assistant to Professor Marija Vukotic.</p> <p><b>National Institute of Economic and Social Research (NIESR)</b></p> <p>Visitor, Research Division. During Summer of 2019 I worked on the re-estimation of the NiGEM macroeconomic model. Supervisor: Garry Young</p> <p><b>The World Bank</b></p> <p>Research assistant in the project “International Income Distribution Database - I2D2”. It involved harmonization and processing of Household Survey data, statistical and programming support, and data analysis. Development Research Group, Poverty and Inequality Unit. Supervisor: Claudio E. Montenegro (cmontenegro@worldbank.org).</p> <p><b>Universidad Mayor (Chile)</b></p> <p>Research assistant to Professor Andrés Solimano.</p> <p><b>United Nations Economic Commission for Latin America and the Caribbean</b></p> <p>Undergraduate Internship, Social Development Division, UN-ECLAC.</p>	<p>Fall 2021</p> <p>Summer 2020</p> <p>Summer 2017</p> <p>2019</p> <p>2013-2016</p> <p>2015-2016</p> <p>2012</p>
TEACHING EXPERIENCE	<p><b>University of Warwick:</b></p> <ul style="list-style-type: none"> <li>• Macroeconomics 2 (UG, 2018-2021). Professors Roberto Pancrazi and Federico Rossi.</li> <li>• Topics in Global Finance (M.Sc., 2019, 2020, 2021). Professor Liliana Varela (2019) and Vasiliki Dimakopoulou and Fatih Kansoy.</li> </ul> <p><b>Universidad de Chile (UG):</b></p> <ul style="list-style-type: none"> <li>• Development Economics (Fall, 2013, 2014). Professor Jorge Katz</li> <li>• Development Economics (Spring, 2013). Professors Roberto Álvarez and Claudia Martínez</li> <li>• Economic Policy (Spring, 2013). Professor Guillermo Larraín</li> <li>• Economic Policy (Fall, 2012, 2013). Professor Joseph Ramos</li> <li>• Welfare Economics (Fall, 2013). Professors Javier Núñez and Graciela Pérez</li> </ul>	
AFFILIATIONS	Centre for Research in Economic Theory and its Applications (CRETA)	2018-
CONFERENCES	<p>“The Copper Sector, Fiscal Rules, and Stabilization Funds In Chile: Scope And Limits”. <i>UNU-WIDER Session</i>. International Economics Association World Congress (IEA), Mexico City, Mexico. <b>June 2017.</b></p>	

ACADEMIC TRAINING	Advanced Courses in Economics for Doctoral Students: “The Macroeconomics of Assets and Credit Bubbles” taught by Jaume Ventura, Study Center Gerzensee <b>October, 2019.</b>				
	XX Trento Summer School in Adaptive Economic Dynamics organized by Daniel Heynmann and Martín Guzmán. <b>June, 2019.</b>				
	LSE Summer School “Advanced Tools for Macroeconomists” (Heterogeneous agents modelling) taught by Wouter den Haan and Pontus Rendahl. <b>August 2018.</b>				
HONOURS AND AWARDS	Department of Economics Scholarship, University of Warwick. M.Sc. Fellowship, Department of Economics, Universidad de Chile, 2013. Third Distinction, Final Comprehensive Examination ( <i>Examen de Grado</i> ), B.A. in Economics, Universidad de Chile.				
SKILLS	Matlab, Dynare, Stata, L <sup>A</sup> T <sub>E</sub> X, R.				
LANGUAGES	English (Fluent), Spanish (Native).				
PERSONAL INFORMATION	Citizenship: Chilean Date of Birth: November 27, 1989				
REFERENCES	<table> <tr> <td>Roger E. A. Farmer Department of Economics University of Warwick and UCLA r.farmer.1@warwick.ac.uk</td> <td>Herakles Polemarchakis Department of Economics. University of Warwick. h.polemarchakis@warwick.ac.uk</td> </tr> <tr> <td>Pablo Beker Department of Economics University of Warwick pablo.beker@warwick.ac.uk</td> <td>Marc Hinterschweiger Prudential Policy Directorate Bank of England marc.hinterschweiger@bankofengland.co.uk</td> </tr> </table>	Roger E. A. Farmer Department of Economics University of Warwick and UCLA r.farmer.1@warwick.ac.uk	Herakles Polemarchakis Department of Economics. University of Warwick. h.polemarchakis@warwick.ac.uk	Pablo Beker Department of Economics University of Warwick pablo.beker@warwick.ac.uk	Marc Hinterschweiger Prudential Policy Directorate Bank of England marc.hinterschweiger@bankofengland.co.uk
Roger E. A. Farmer Department of Economics University of Warwick and UCLA r.farmer.1@warwick.ac.uk	Herakles Polemarchakis Department of Economics. University of Warwick. h.polemarchakis@warwick.ac.uk				
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