

# FLORENCIA S. AIRAUDO

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## EDUCATION

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<b>Ph.D. in Economics</b> Universidad Carlos III de Madrid	<i>Sep 2019-2023 (expected)</i>
<b>Master in Economic Analysis</b> Universidad Carlos III de Madrid	<i>2017-2019</i>
<b>BA. in Economics (<i>Magna cum laude</i>)</b> Universidad Nacional de Córdoba, Argentina	<i>2011-2016</i>

## RESEARCH APPOINTMENTS

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<b>Ph.D. Intern</b> <i>Research Division, Riksbank</i>	<i>April-June 2022</i>
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## RESEARCH INTERESTS

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Macroeconomics, Monetary and Fiscal Theory and Policy, International Macroeconomics

## RESEARCH

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### Job Market Paper

*“Exit strategies from Quantitative Easing: the role of the fiscal-monetary policy mix.”*

*Abstract:* As a consequence of the policy responses to the COVID-19 crisis, central bank balance sheets, public debt, and liquidity increased in many developed economies. As the economies recover and inflation far exceeds the target, central banks face a challenge in how to manage their balance sheet. I study the macroeconomic effects of reducing the central bank balance sheet size, i.e., Quantitative Tightening (QT). I construct a Regime-Switching New Keynesian DSGE model calibrated to the US economy. The economy fluctuates between a monetary-led regime, a fiscally-led regime, and the zero lower bound on the monetary policy interest rate. The macroeconomic effects of QT crucially depend on the fiscal-monetary policy mix. In a monetary-led regime, QT effectively reduces inflation at the cost of increasing the government debt-to-GDP ratio. In contrast, unwinding the central bank balance sheet in a fiscally-led regime has little impact on inflation. The negative demand effect driven by QT is not enough to counteract the stimulative impact of negative real interest rates and fiscal stimulus.

### Working papers

*“Greenflation: The cost of the green transition in small open economies”*, with Pappa, E. and Seoane, H. D.

*Abstract:* We propose a new model of a small open economy with efficient energy use to investigate the inflationary dynamics along the green transition. The model incorporates the production of green energy that substitutes exogenous brown energy sources in energy production. Production is characterized by low substitutability between resource and traditional inputs that firms can alter through directed input-saving technical change. We study transitional dynamics induced by exogenous increases of brown energy prices and/or changes in the brown energy taxation; green subsidies and green public investment. Increases in brown energy prices and taxes decrease the usage of brown energy but do not expand significantly the green sector, they simply improve energy efficiency use, surging firm’s marginal

costs leading to greenflation and output losses. Public investment and subsidies effectively increase the usage of green energy. Green investment expands output and reduces green energy prices as it increases the productivity of the green sector. Subsidies imply a slower transition with small output costs and elevated green energy prices. We discuss the fiscal costs and welfare implications of the transition using different welfare metrics.

“*The trend-cycle connection*”, with Seoane, H. D.

*Abstract:* Long-run growth in Latin America over the last 50 years has been low and volatile in the presence of frequent Sudden Stops. To rationalize this fact we develop a theory that links long-run growth and financial frictions in Emerging countries. Our theory exploits the fact that reversals in trade balance during a crisis occur through sharp declines in imports, particularly of imported investment, rather than increases in exports. Imported investment, in turn, has a permanent impact on economic growth. We find that trend growth deteriorates during crisis and, even though trend shocks play a crucial role, financial frictions and shocks have a significant impact on its dynamics. We apply our model to the Sudden Stops in Argentina since the 1950s and find that financial crises have a strong permanent effect on the trend. Hence, to a large extent, the trend is the cycle.

### Work in progress

“*On the sources of sovereign debt crises: an endogenous regime-switching approach*”, with Foerster, A. T. and Seoane, H. D.

*Abstract:* We develop a perturbation-based solution method to study a model of sovereign default. We consider a canonical real business cycle small open economy model with sovereign default, where the default choice is driven by fundamentals and a stochastic utility cost of default. We show that the model is isomorphic to an endogenous regime-switching model. Our solution method is both fast and accurate. We estimate the model using likelihood methods and time-series data for Argentina to decompose the main drivers of the interest rate spread in normal times and around a sovereign debt crisis. Our fully micro-founded approach also allows us to conduct policy counterfactuals.

## REFERENCES

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**Hernán D. Seoane**

*Advisor*

- Universidad Carlos III de Madrid
- hseoane@eco.uc3m.es

**Evi Pappa**

- Universidad Carlos III de Madrid
- ppappa@eco.uc3m.es

**Ulf Söderström**

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## PLACEMENT CONTACTS

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**Antonio Cabrales Goitia**

*Placement director*

- antonio.cabrales@uc3m.es

**Angelica Aparicio de la Faya**

*Placement Administrative*

- ala@pa.uc3m.es

## TEACHING EXPERIENCE

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### Academic year 2021-2022

- Teaching Assistant of Macroeconomics I (1st year PhD, English), Professor Andrés Erosa. Universidad Carlos III. Awarded for Excellence in Teaching.

### **Academic year 2020-2021**

- Teaching Assistant of Macroeconomics I (1st year PhD, English), Professor Andrés Erosa. Universidad Carlos III. Awarded for Excellence in Teaching.
- Teaching Assistant of Macroeconomics I (B.S., Introductory Course, English), Professor Felix Wellschmied. Universidad Carlos III.

### **Academic year 2019-2020**

- Teaching Assistant of Macroeconomics I (1st year PhD, English), Professor Andrés Erosa. Universidad Carlos III. Awarded for Excellence in Teaching.
- Teaching Assistant of Monetary and Financial Macroeconomics (B.S., English and Spanish), Professor Hernán D. Seoane. Universidad Carlos III. Awarded for Excellence in Teaching.
- Teaching Assistant of Regional and Urban Economics (B.S., Spanish), Professor Carlos San Juan Mesonada. Universidad Carlos III. Awarded for Excellence in Teaching.

### **Academic year 2018-2019**

- Teaching Assistant of Monetary and Financial Macroeconomics (B.S., English and Spanish), Professor Hernán D. Seoane. Universidad Carlos III. Awarded for Excellence in Teaching.
- Teaching Assistant of Regional and Urban Economics (B.S., Spanish), Professor Carlos San Juan Mesonada. Universidad Carlos III. Awarded for Excellence in Teaching.

## **ACADEMIC PRESENTATIONS**

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### **Seminars**

- University College London (ENTER Seminar, Economics Department. London, UK. December 2022).
- Sveriges Riksbank (Internal research seminars. Stockholm, Sweden. April and June 2022).
- University College London (ENTER Seminar, Economics Department. Online. March 2021).

### **Conferences and Workshops**

- *2022-2023*: Doctoral Workshop on Quantitative Dynamic Economics. Konstanz, Germany (October 2022). LVII Reunión Anual de la Asociación Argentina de Economía Política (AAEP). Online (November, 2022). RedNIE Seminar. Online (November 2022). Simposio de la Asociación Española de Economía (SAEe). Valencia, Spain (December 2022, scheduled).
- *2021-2022*: Leuven Summer Event: International Macroeconomics Workshop. Leuven, Belgium (June 2022); First PhD Workshop in Money and Finance, Stockholm, Sweden (May 2022); Macroeconomics Work-in-Progress Seminar, Universidad Carlos III. Madrid, Spain (January 2022); Ph.D. Workshop, Universidad Carlos III. Madrid, Spain (November, 2021); ENTER Jamboree, ENTER Network. Online (September 2021).
- *2020-2021*: RedNIE Seminar. Online (March 2021); Ph.D. Workshop, Universidad Carlos III. Madrid, Spain (June 2021; November, 2020); Virtual Workshop: Successfully Navigating Your Ph.D., CSWEP American Economic Association. Online. (November 2020).

## **PROFESSIONAL ACTIVITIES**

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**Instituto de Economía y Finanzas, UNC**  
*Research Assistant*

*2013-2017*

**Instituto de Estudios de Realidad Argentina y Latinoamericana (IERAL)**  
*Research Assistant - Junior Economist, Monetary and Fiscal Policy division*

*2014-2016*

## FELLOWSHIPS, HONORS, AND AWARDS

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- Excellence Teaching Award, Universidad Carlos III.
- Grant *Formación de personal investigador (FPI)*. Ministry of science and innovation of Spain.
- Grant *Programa de Personal Investigador Predoctoral en Formación*, PIPF UC3M 01-1920.
- Scholarship for the Master in Economic Analysis, Universidad Carlos III, 2017-2019.
- “Promotion of Scientific Capabilities”, National Council Universities of Argentina, 2015.

## LANGUAGES

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Spanish (mother tongue)

English (fluent)

Portuguese (Basic Level)