

**University of Minnesota - Twin Cities**

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**Curriculum Vitae**  
**Fall 2020**

**FERNANDO ARCE****Personal Data***Address*

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*Citizenship:* Bolivia F-1, Argentina

**Major Fields of Concentration**

Macroeconomics, International Economics

**Education**

<i>Degree</i>	<i>Field</i>	<i>Institution</i>	<i>Year</i>
PhD	Economics	University of Minnesota (expected)	2021
MA	Economics	University of Minnesota	2018
MSc	Economics for Development	University of Oxford	2013
<i>Dipl. Ing.</i>	Statistics and Economics	ENSAE - Paris Tech	2013

**Dissertation**

Title: "Essays on International Borrowing"

Dissertation Advisors: Professor Timothy Kehoe and Professor Manuel Amador

Expected Completion: Summer 2021

**References**

Professor Timothy Kehoe	(612) 625-1589 (612) 204-5533 tkehoe@umn.edu	Department of Economics University of Minnesota 4-101 Hanson Hall 1925 Fourth Street South Minneapolis, MN 55455
Professor Manuel Amador	(612) 624-4060 (612) 204-5781 amador@umn.edu	
Dr. Javier Bianchi	(612) 204-5934 javier.i.bianchi@gmail.com	Research Department Federal Reserve Bank of Minneapolis 90 Hennepin Avenue Minneapolis, MN 55401

## Honors and Awards

- 2019 - 2020 *Doctoral Dissertation Fellowship*, University of Minnesota, Minneapolis, Minnesota
- 2018 *Second Place, Third Year Paper Competition*, Department of Economics, University of Minnesota, Minneapolis, Minnesota
- 2016 *Distinguished Teaching Assistant*, Department of Economics, University of Minnesota, Minneapolis, Minnesota
- 2015 *Bert and Susan Hill Gross Fellowship*, Department of Economics, University of Minnesota, Minneapolis, Minnesota
- 2013 *Arthur Lewis Prize for Excellence in Development Economics*, Department of Economics, University of Oxford, Oxfordshire, U.K
- 2012 *Mobility Scholarship*, ENSAE ParisTech, Malakoff, France
- 2008 - 2013 *Excellence - Major Grant Program*, French Ministry of Foreign Affairs, Paris, France

## Teaching Experience

- Summer 2017 *Instructor*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Instructor for *International Trade*, *Writing Intensive*.
- 2016 - 2017 *Teaching Assistant*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Led recitations for *Advanced Topics in Economics- Uncertainty and Information*, and for the Ph.D. level *Microeconomic Theory* sequence.
- 2012 *Teaching Assistant*, University Paris I Panthéon Sorbonne, Paris, France. Led recitations for *Introduction to Financial Markets*.

## Research Experience

- 2019 - Present *Visiting Research Assistant*, Research Department, Federal Reserve Bank of Minneapolis, Minneapolis, Minnesota
- 2017 - 2019 *Research Assistant*, Research Department, Federal Reserve Bank of Minneapolis, Minneapolis, Minnesota. Research Assistant for the Economic Analysis Group.
- 2013 - 2015 *Research Fellow*, Research Department, Inter-American Development Bank, Washington, DC. Research assistant for Andrew Powell.
- Summer 2012 *Research Assistant*, Research Department, French Development Agency, Paris, France. Research Assistant for Bastien Bedossa and the Macroeconomic Analysis and Country Risk Unit.

## Working Papers

- “Sovereign Default Risk During a Sudden Stop,” job market paper, in progress
- “A Macroprudential Theory of International Reserves,” with Javier Bianchi, and Julien Bengui
- “Private Overborrowing and International Reserves,” in progress
- “Skill Premium, Trade, and Human Capital,” with Camilo Alvarez and Samuel Bailey, in progress

## Presentations

- “A Macroprudential Theory of International Reserves,” presented at the Midwest Macroeconomics Meeting May 2019, Athens, GA; Society for Economic Dynamics Annual Meeting, June 2019, St. Louis, MO; Allied Social Science Association Annual Meeting, January 2020, San Diego, CA.

## Presented by Coauthor

- “Skill Premium, Trade, and Human Capital.” presented at Midwest Economics Association Conference, March 2018, Chicago, IL.

## **Computer Skills**

Matlab, Fortran, Python, Stata, LaTeX

## **Languages**

Spanish (native), English (fluent), French (fluent)

## **Abstracts**

“Sovereign Default Risk During a Sudden Stop,” job market paper

This paper explains how excessive international private borrowing can lead to more frequent sovereign default crisis. I propose an open economy model where shocks in financial markets constrain the private sector ability to rollover its debt. This sudden reversal in private flows creates an incentive for government bailouts financed by risky public liabilities. I consider a positive version of the model where the government does not impose restrictions on private borrowing, and a normative one where the government chooses these restrictions optimally. In the absence of macroprudential policies, public bailouts are desirable but cause higher sovereign spreads and more frequent crisis. Using Spanish data including the peak years of the European Sovereign Debt Crisis (2012-2015), I show that if Spain had introduced optimal macroprudential policies in 1999-2015, the international investment position of the Spanish private sector would have improved by at least 3.5% of GDP and the Spanish public spread in 2012 would have aaked 320 basis points below the observed level.

“A Macroprudential Theory of International Reserves,” with Javier Bianchi, and Julien Bengui

This paper proposes a theory of foreign reserves as macroprudential policy. We study an open economy model of financial crises, in which pecuniary externalities lead to overborrowing, and show that by accumulating international reserves, the government can achieve the constrained-efficient allocation. The optimal reserve accumulation policy leans against the wind and significantly reduces the exposure to financial crises. The theory is consistent with the joint dynamics of private and official capital flows, both over time and in the cross section, and can quantitatively account for the recent upward trend in international reserves.