César Salinas

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Education

Indiana University, Bloomington, USA

Ph.D. Economics	2024
M.A. Economics	2020

Universidad del Pacífico, Lima, Perú

M.Sc. Economics	2015
B.Sc. Economics	2014

Fields

Macroeconomics, Applied Econometrics
Household Finance, Economic Development

References

Professor Bulent Guler
Associate Professor
Indiana University
bguler@iu.edu

Professor Christian Matthes
Professor
Indiana University
matthesc@iu.edu

Professor Laura Liu
Associate Professor
University of Pittsburgh
liuyu1237@gmail.com

Professor Paul Graf
Teaching Specialist
Indiana University
paulgraf@iu.edu

Fellowships and Awards

W. Phillip Saunders Award, Indiana University, (2024).
Department of Economics Graduate Assistantship, Indiana University, (2019-present).
Carrington Graduate Fellowship for Excellence in Teaching, Indiana University, (2022-2023).
College of Arts and Sciences Graduate Fellowship, Indiana University, (2018-2019).
Partial Graduate Scholarship for Academic Performance, Universidad del Pacífico (2014-2015).
Partial Undergraduate Scholarship for Academic Performance, Universidad del Pacífico (2008-2014).

Teaching

Undergraduate Level

- Fundamentals of Economics for Business II, Indiana University, Associate Instructor (Spring 2021, Summer 2021, Spring 2022, Summer 2023, Fall 2023).
- Money and Banking, Indiana University, Associate Instructor (Fall 2021, Fall 2022, Spring 2023).
- Introduction to Macroeconomics, Indiana University, Associate Instructor (Summer 2020, Fall 2020).
- Introduction to Macroeconomics, Indiana University, teaching fellow for Professor Paul Graf (Spring 2019, Summer 2019, Fall 2019, Spring 2020, Summer 2022).
- Introduction to Microeconomics, Indiana University, teaching fellow for Professor Paul Graf (Fall 2018).
- Time Series Econometrics, Universidad San Martín de Porres Lima Perú, Associate Instructor (2018).

- Econometrics I, Universidad del Pacífico Lima Perú, Associate Instructor (2017).
- Microeconomics II, Universidad San Martín de Porres Lima Perú, Associate Instructor (2017).
- Mathematics for Economists, Universidad San Martín de Porres Lima Perú, Associate Instructor (2017).

Graduate Level

- Computational Economics, Research Institute in Economics and Finance, Instructor (Summer 2023).

Employment

Ministry of Economy and Finance, Lima, Perú

Consultant February 2018 to July 2018

- Developed and implemented statistical analysis in macroeconomic topics for the Direction of Projections and Macroeconomic Scenarios
- Collaborated with the development and publication of the 2018-2021 Macroeconomic Projections Update Report
- Coordinated the Directorate's research, presented findings and wrote reports of the main results to address issues related to the structural reforms of the Ministry
- Related topics: formal employment, investment, consumption, financial stress, export diversification.

Research

Research Assistant, Indiana University, Professor Todd B. Walker (Supervisor), 2021.
Research Assistant, Universidad del Pacífico Lima Perú, Professor Diego Winkelried, Professor Javier Torres, Professor Pablo Lavado (Supervisors), 2013-2017.

Job Market Paper

"Credit Limits and Consumption Behavior over the Life Cycle"

This paper studies the role of time-varying credit limits through the lens of a life cycle incomplete markets model calibrated for the U.S. Changes in credit card limits are explained by observable household characteristics and the estimated unobservable variation is quite large. The quantitative exercise shows that even though young households are more indebted in an economy with stochastic borrowing limits, aggregate consumption is not greatly affected by transitory or persistent shocks of this type. However, in the presence of these shocks, households lose the ability to self-insure against other uninsurable idiosyncratic shocks, e.g., labor income shocks. A disaggregated analysis shows that the loss of self-insurance capacity is mainly explained by the effects that stochastic borrowing limits have on the wealth distribution, the precautionary savings channel households have to face unexpected risks.

Publications

[1] Najarro, Ricardo, Pérez, Wilder and Salinas, César (2019), "Determinants of Export Diversification: a Bayesian Approach", *Revista de Análisis Económico y Financiero* 1(2), 23-35.

Export diversification provides economies with various benefits such as promoting and stabilizing economic growth by reducing the volatility of export earnings and increasing productivity through positive intra- and inter-sectoral externalities. In this sense, it is relevant to be able to identify what enables the diversification of exports; however, given a disperse theoretical framework, this identification becomes an arduous task. Using the Bayesian Moving Average methodology, this document tries

to find which idiosyncratic factors from each country are relevant to explain greater export diversification in the long run. The results suggest that six elements are the most important to explain export diversification. These are: i) income from natural resources, ii) population, iii) gross capital formation (capital stock), iv) secondary education, v) credit to the private sector, and vi) human capital. These results are in line with the results obtained in the literature.

[2] Torres, Javier and Salinas, César (2016), "Potential Labor Impact of Access to Non-contributory Pensions in Peru", *Economía y Sociedad* 89(1), 22-31.

This research evaluates the impact of Pension 65, a Peruvian State program that provides an economic subsidy to older adults over 65 years of age who live in extreme poverty, on the hours worked in the main occupation of older adults. In urban areas the program seems to have a greater impact; possibly due to a greater supply of available jobs that would allow a reduction in the number of working hours. However, for rural areas the program does not find a significant effect. The economic situation or the composition of the household could be a determining factor in this behavior. In these areas, it is suggested to evaluate the application of various programs. Perhaps, the joint application of these is necessary to achieve an increase in the rest time of the elderly population in rural areas.

[3] Chuquilín, Micaela, and Salinas, César (2015), "Fiscal Policy Asymmetries in an Emerging Economy: The Case of Perú 1992-2013", in Francisco Galarza (ed.), *Economía Aplicada. Ensayos de investigación económica 2013*, Lima: Universidad del Pacífico Press.

This research studies the disaggregated and asymmetric effects of fiscal policy in Peru for the period 1992-2013. Using econometric techniques to estimate the impulse-response functions asymmetrically based on the economic cycles, the study finds that the presence of asymmetries in the effect of fiscal policy on the Peruvian economic cycle. Moreover, the expenditure multipliers are greater than income multipliers, and expenditure multipliers, especially in capital investment, are more effective in attenuating the fall in national production during recessionary times.

WORKING PAPERS [1] "Informality and Wealth Distribution: An Heterogeneous Agent Model" (with Hamilton Galindo, Alan Ledesma and Luis Yepez), *submitted*

We postulate a continuous-time heterogeneous agent model that incorporates four key characteristics of informality: high informality size, interest rate premium, exemption from taxes, and greater risk aversion of informal agents. We use this framework to study the implications of informality for wealth and consumption distribution. Our results align with empirical research, showing that a substantial informal sector reduces overall median wealth and consumption levels while increasing their dispersion. We also identify differentiated contributions to this result from each of the four features of informality. Greater informality size and higher risk aversion among informal agents raise wealth dispersion, while a higher interest rate premium among informal agents lessens this statistic. Informal tax evasion, on the other hand, has only minor impacts on these results. This model can be extended to provide insights for designing economic policies in emerging and developing countries.

[2] "Epidemics and Informality in Developing Countries"

I study the role of informal markets to explain economic and demographic variables during a pandemic. I extend the so-called SIR-macro model with demand and supply effects to study how the size of the informal sector impacts the ability of developing countries to respond to the COVID-19 epidemic. I calibrate the extended SIR-model with formal and informal sectors for a typical developing country and assume that lockdown policies are useful to control the health crisis but these are less effective in economies with large informal markets. As a result, infection and death rates do not decrease as much as formal economies, and since informal activities are not counted in the calculation of the GDP, this exacerbates the size of the recession. To generate results similar to those of an economy with only formal markets, the economy with informal markets must implement more severe containment policies.

[3] "Foreign Capital and Economic Growth in Emerging Markets: are Foreign Aid and Foreign Direct Investment Substitutes?" (with Diego Winkelried and Micaela Chuquilín)

This paper studies the short-run and long-run effects of foreign aid and foreign direct investment on economic growth in emerging markets. Upon applying the so-called Pooled MEan Group estimator to an unbalanced panel for 94 countries over the period 1960-2012, we find a positive and significant long-run relationship between these two types of foreign capital and growth. We then enquire which type of foreign flow is more effective to stimulate economic growth, and find that both effects are not statistically different in various dynamic specifications and robustness checks. This finding may account for a possible substitutability relationship between foreign aid and foreign direct investment in the long-run. An implication is that what matters for growth in emerging markets is the aggregate amount of foreign capital, rather than its composition.

Work in Progress

[1] "The Impact of the Uncertainty in Bank Lending Standards"

This paper examines the macroeconomic consequences of credit uncertainty using a structural vector autoregression model with stochastic volatility (SVAR-SV). This specification has the advantage of identifying the time-varying variance of credit supply shocks using standard identification schemes. Credit supply conditions in the U.S. is captured by the banks' reports on how credit standards for approving loans have change over time (Bank Lending Standards). The analysis shows that the volatility of macro and financial variables rises in response to an increase in the variance of credit shocks. Moreover, both the credit level and volatility shocks explain more than 10 percent of the FEV of real GDP.

Seminars and Conferences

Macro Brown Bag, Indiana University, Bloomington, 2023.
Macro Brown Bag, Indiana University, Bloomington, 2021.
Hoosier Economics Conference, Indiana University, Bloomington, 2021.
Macro Brown Bag, Indiana University, Bloomington, 2020.
CIES Annual Research Seminar, Lima, Perú, 2015.
Central Reserve Bank of Peru Annual Meeting, Lima, Perú, 2015.
Peruvian Economics Association Annual Meeting, Lima, Perú, 2015.

Research Grants

Research Grant, Consorcio de Investigación Económica y Social (CIES), 2014-2015.
Bachelor Thesis Research Grant, Universidad del Pacífico, 2013.

LANGUAGES	English (fluent), Spanish (native)	
SOFTWARE SKILLS	Matlab, Python, Stata, Fortran, Julia, R, EViews, LaTeX.	
PERSONAL INFORMATION	Citizenship:	Perú (Huaraz, Áncash)
	Visa:	F1
	Date of birth:	May 29th, 1991