SEBASTIAN GRAVES

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Education

2015 - 2020	Ph.D. in Economics, NYU
2014 - 2015	MSc in Economics, LSE *Distinction, Sir John Hicks Prize for Outstanding Performance*
2009 - 2012	BA in Economics, University of Cambridge *First Class Honours*

Work and Research Experience

2020 -	Economist, Federal Reserve Board
2019	Dissertation Fellow, Federal Reserve Board
2018 - 2019	Research Assistant for Simon Gilchrist
2016 - 2019	Research Assistant for Thomas Sargent
2012 - 2014, 2015	Economist, European Economics Research, Goldman Sachs
2011	Summer Intern, Bank of England

Teaching Experience

2018 (Fall)	Statistics (ECON-UA 18), NYU, Teaching Assistant for Timothy Roeper
2018 (Summer)	Statistics (ECON-UA 18), NYU, Teaching Assistant for Meixia Ruderman
2017 (Spring)	Macroeconomics II (PhD), NYU, Teaching Assistant for Mark Gertler & Simon Gilchrist
2014 - 2015	Economics A (EC100), LSE, Teaching Assistant for Alan Manning & Mohan Bijapur

Working Papers

1. Does Unemployment Risk Affect Business Cycle Dynamics?

   Abstract: In this paper, I show that the decline in household consumption during unemployment spells depends on both liquid and illiquid asset positions. I also provide evidence that unemployment spells predict the withdrawal of illiquid assets, particularly when households have few liquid assets. Motivated by these findings, I embed endogenous unemployment risk in a two-asset heterogeneous-agent New Keynesian model. The model is consistent with the above evidence and provides a new propagation mechanism for aggregate shocks due to a flight-to-liquidity that occurs when unemployment risk rises. This mechanism implies that unemployment insurance plays an important role as an automatic stabilizer, particularly when monetary policy is constrained.

2. The State Dependent Effectiveness of Hiring Subsidies

Abstract: The responsiveness of job creation to shocks is procyclical, while the responsiveness of job destruction is countercyclical. This new finding can be explained by a heterogeneous-firm model in which hiring costs lead to lumpy employment adjustment. The model predicts that policies that aim to stimulate employment by targeting the job creation margin, such as hiring subsidies, are significantly less effective in recessions: These are times when few firms are near their hiring threshold and many firms are near their firing threshold. Policies that target the job destruction margin, such as employment protection subsidies, are particularly effective at such times.

Work In Progress

1. The Effect of Social Security Reform on Labor Supply Elasticities (with Victoria Gregory, Lars Ljungqvist, and Thomas Sargent)

   Abstract: The design of the social security system has large effects on labor supply, particularly relating to retirement decisions. In this paper, we embed an endogenous retirement decision in the classic framework of Heckman, Lochner, and Taber (1998). If the social security system is such that delaying retirement means forgoing social security benefits, then there is a strong incentive to retire at the official retirement age, and labor supply elasticities are low. If all individuals receive benefits after the official retirement age, regardless of their work status, labor supply elasticities are significantly higher. In recent years, the US social security system has become more actuarially fair with respect to the decision to delay social security benefits; our model suggests that such reforms will have raised the aggregate elasticity of labor supply.

2. Unemployment Risk and Asset Prices

   Abstract: This project seeks to understand the relationship between asset prices and unemployment fluctuations by studying a heterogeneous-agent model with incomplete markets and endogenous unemployment risk. This model has the potential to generate realistic asset price fluctuations due to time-varying idiosyncratic consumption risk, driven by a time-varying probability of unemployment. This explanation for volatility in asset prices also offers a potential solution to the Shimer (2005) puzzle: in a model with endogenous job-creation, volatility in the unemployment rate is implied by volatility in the value of a filled vacancy.

Fellowships and Awards

2015 - 2020	MacCracken Fellowship, NYU
2015	Sir John Hicks Prize, LSE
2012	Sir Henry Tomkinson Scholarship, Lilian Knowles Prize, Cambridge
2011	Sir Arthur Arnold Scholarship, Ellen McArthur Scholarship, Lilian Knowles Prize, Cambridge

References

Simon Gilchrist	Professor of Economics	NYU	sg40@nyu.edu
Thomas Sargent	Professor of Economics	NYU	thomas.sargent@nyu.edu
Mark Gertler	Professor of Economics	NYU	mark.gertler@nyu.edu

Computational Skills

MATLAB, Python, Julia, R, STATA, EViews