

Humberto Martínez

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Education

RUTGERS UNIVERSITY, NEW BRUNSWICK, NJ

Ph.D. in Economics (Expected) 2022

UNIVERSIDAD DE LOS ANDES, BOGOTA, COLOMBIA

M.A. in Economics 2011

B.A. in Economics (Cum Laude Graduate) 2009

Fields

International Macroeconomics (Primary Field), Monetary Economics

References

ROBERTO CHANG
Distinguished Professor
Department of Economics, Rutgers University
chang@economics.rutgers.edu

MICHAEL DAVID BORDO
University Professor
Department of Economics, Rutgers University
bordo@economics.rutgers.edu

TODD KEISTER
Professor of Economics
Department of Economics, Rutgers University
keister@economics.rutgers.edu

RHIANNON SOWERBUTTS
Senior Economist
Bank of England
rhiannon.sowerbutts@bankofengland.co.uk

Research Experience

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| <i>Research Assistant</i> , Hoover Institution, Stanford University | Oct 2021 - currently |
| <i>Ph.D. Internship</i> , Banco Central de Chile, Programa de Visitas | Summer 2021 |
| <i>Participant</i> , The Fields Institute, CQAM Focus Program on Systemic Recovery | Spring 2021 |
| <i>Ph.D. Internship</i> , Banco de México, Programa Interno de Verano | Summer 2020 |
| <i>Research Assistant</i> , Professor Roberto Chang | Spring 2020 |
| <i>Ph.D. Internship</i> , Bank of England | Summer 2019 |
| <i>Research Assistant</i> , Professor Michael D. Bordo | 2018 – 2021 |

Working Papers

FOREIGN RESERVES, FISCAL CAPACITY AND LENDER OF LAST RESORT (*Job Market Paper*)

Why do some countries accumulate foreign reserves for precautionary purposes while others do not? I argue that, in contrast to advanced economies, emerging countries accumulate reserves because they lack the sufficient fiscal capacity to provide liquidity during crises successfully. Thus, by accumulating reserves, emerging countries can emulate advanced economies and eliminate any exposure to a sudden stop. However, since accumulating reserves is costly, a country might choose to remain exposed to sudden stops. This decision depends on the trade-off between the expected welfare losses of a sudden stop, and the cost of accumulating the necessary amount of reserves to eliminate this exposure which is a function of the level of fiscal capacity. To show this argument, I develop a three-period model of small open economy whose funding costs are driven by a global financial cycle. Moreover, I present empirical evidence for a sample of 100 countries between 1991 and 2016 consistent with this argument. In terms of policy, this paper shows that overcoming currency mismatch, without improving fiscal capacity, is not sufficient to eliminate the need for foreign reserves.

Scheduled/Previous Presentations: Banco Central de Chile; 2021 Money, Macro and Finance Society (Annual Conference); 2021 LACEA/LAMES (Annual Meeting); 2021 Southern Economic Association (Annual Meeting); 2021 Bolivian Conference on Development Economics; 2022 AEA/ASSA Poster Session.

PANDEMICS, INCENTIVES, AND ECONOMIC POLICY: A DYNAMIC MODEL

(with Roberto Chang, Rutgers University and NBER, and Andrés Velasco, LSE; NBER WP No.28636)

The dynamics of a pandemic depend on individual decisions about, for instance, social distancing. In making these decisions, individuals respond to the incentives they face, including economic ones. This implies that economic policy can help not only by alleviating economic losses due to the pandemic but also by influencing the pandemic's trajectory itself via incentives. To investigate this idea, we develop a dynamic equilibrium model of an economy subject to a pandemic. In the model, individuals choose whether to work in the market or stay at home; market participation yields higher current pay but also a higher risk of infection. In turn, infection rates depend on the extent of market participation, as in dominant SIR models. We use the model to investigate how pandemic dynamics depend on aspects of the model which have no bearing in typical SIR models. In particular, forward looking behavior and expectations can result in multiplicity of equilibria. A practical lesson is that incentives embedded in fiscal policy can influence the evolution of the pandemic. To illustrate, we show that a fiscal package resembling the U.S. CARES Act can result in two waves of infection.

Work in Progress

STOCK VERSUS FLOW? FOREIGN RESERVES AND THE GLOBAL FINANCIAL CRISIS

Central banks in emerging markets argue that they accumulate foreign reserves, in part, to meet balance of payments financing needs. However, this explanation is at odds with several countries' reluctance to deplete their foreign reserves stock during acute liquidity episodes. I argue that reserves not only provide a country with liquidity services, but they also increase a country's solvency. Thus, facing a

liquidity shock, a monetary authority will only sell foreign reserves if by doing so, it doesn't jeopardize its' solvency. I provide empirical evidence for 38 countries that solvency concerns, measured by external balance sheet exposure, drove the depletion of foreign reserves during the Global Financial Crisis.

LIQUIDITY REGULATION: THE LAST TAXI AT THE STATION?

(with *Rhiannon Sowerbutts*, *Bank of England*)

Usability of liquidity requirements, such as the Liquidity Coverage Ratio, during periods of stress is yet to be tested. Using a unique UK bank level dataset between 2011 and 2014, we take advantage of increased uncertainty caused by the European sovereign debt crisis and a back then active liquidity regulation in the UK, to provide empirical evidence to Goodhart's last taxi at the station puzzle. Five different empirical results suggest that banks during this stress period in the UK didn't consider their liquidity buffer to be completely usable. This evidence strengthens concerns on whether liquidity requirements make banks more resilient.

RULES VERSUS DISCRETION: A TEXTUAL ANALYSIS OF FOMC TRANSCRIPTS

(with *Michael D. Bordo* and *Klodiana Istrefi*)

Professional Experience

MINISTERIO DE HACIENDA Y CRÉDITO PÚBLICO, COLOMBIA

Advisor to Deputy Minister

2014 – 2016

I advised the Deputy Minister by providing estimates of the Government's revenue from the Oil industry, I was responsible of calculating the price of fuel every month, I was in charge of estimating the fiscal cost of the Ley de Víctimas (Programs addressed to attend victims from Colombia's armed conflict) up to 2021, and I supervised the construction of a model to estimate the impact of different tax structures on household's disposable income and Colombia's inequality.

ECONCEPT AEI, COLOMBIA,

Economist

2012 – 2014

I was in charge of producing weekly and monthly economic reports and forecasts about the macroeconomic and political outlook of Colombia and the global economy. I also participated in specific projects such as the estimation of household's water demand in Bogota, the study of a public policy to unbundle the service and the device charges in the mobile phone industry, and the analysis of price control schemes, among other subjects.

Policy Briefs, Webinars, and other policy related activities

FOCUS PROGRAM ON SYSTEMIC RECOVERY: LESSONS FROM COVID-19, MODELING, ANALYSIS, AND POLICY IMPLICATIONS.

The Fields Institute. Extended Problem Solving Program. April 23rd, 2021. See final presentation [here](#)

COVID-19 IN COLOMBIA: IMPACT AND POLICY RESPONSES

(with *Mauricio Cárdenas S.*)

Center for Global Development, CGD Notes July 24th 2020. To have access to the full document see [here](#), and to its blog entry see [here](#)

DE AISLAMIENTOS Y CURVAS: SE DESPLAZA LA EPIDEMIOLOGÍA, MAS NO SE APLANA, MIENTRAS QUE LA ECONÓMICA SE HUNDE

(with *Mauricio Santa María, Carlos Prada and Ekaterina Cuéllar*) ANIF Weekly Report April 28th, 2020. To have access to the full document (behind a paywall) see [here](#), and to an op-ed entry see [here](#)

EL IMPACTO DEL COVID-19 EN EL MERCADO LABORAL COLOMBIANO – Webinar organized by [empleo.com](#); July 9th, 2020. For the YouTube recording click [here](#)

Teaching Experience

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| <i>Teaching Assistant</i> , Rutgers University, Global Financial Crises, Econometrics, etc. | 2017 - 2021 |
| <i>Lecturer (Recitation)</i> , Rutgers University, Macroeconomic Theory II (Graduate Course) | Spring 2018 |
| <i>Lecturer (Recitation)</i> , Rutgers University, Macroeconomics I (Graduate Course) | Fall 2017 |
| <i>Lecturer</i> , Universidad de los Andes, Stata Workshop (Undergraduate Course) | 2011 - 2014 |

Honors and Awards

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| <i>Hiroki Tsurumi Graduate Dissertation Award</i> , Rutgers University | May 2021 |
| <i>Dorothy Rinaldi Graduate Student Award</i> , Rutgers University | May 2020 |
| <i>Sydney Brown Prize in Economics</i> , Rutgers University | May 2018 |
| <i>Excellence Fellowship</i> , Rutgers University | 2016 - 2021 |
| <i>Augusto Cano Scholarship</i> , Universidad de los Andes, Colombia | Fall 2009 |
| <i>Cum Laude Graduate</i> , Universidad de los Andes, Colombia | Fall 2009 |

Skills

Computational: Stata, Matlab, ArcGis, Python

Languages: English (fluent), Spanish (native), French (conversational)