March 20, 2023

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Dear organizers of the NBER Workshop on Heterogeneous-Agent Macroeconomics,

My name is Gabriel Fritsch and I am very excited to be applying to the 2nd annual NBER Heterogeneous-Agent Macro Workshop. I am a PhD candidate in Economics at the University of Oxford, having previously completed my MPhil in Economics at Oxford in 2022, and a B.A. in Economics from Yale University in 2017. Prior to commencing my graduate studies at Oxford, I worked for three years as an economist at the Goldman Sachs macroeconomics research team in New York.

My academic research interest lies in the role that within- and across-country heterogeneity play in driving capital flows and monetary and fiscal policy transmission in open economies. The field of international macroeconomics and finance has still a lot to benefit from the recent advances in heterogeneous-agent macro, which can help us quantitatively assess the international transmission of shocks and macro policies.

In my first PhD dissertation chapter, I examine the effects of fiscal policy around sudden stops, and find empirically that government spending multipliers during sudden stops are increasing (relative to normal times) in the share of external debt denominated in foreign currency. I rationalize this empirical fact in a New Keynesian small open economy model with incomplete markets where the state-dependence of fiscal policy is driven by the currency denomination of external debt. When debt is owed in foreign currency, currency mismatch generates a debt-deflation mechanism during a sudden stop and a fiscal expansion that appreciates the real exchange rate therefore relaxes the borrowing constraint and crowds in consumption. When households borrow in their own currency however, this mechanism is absent and the difference in multipliers across financial states disappears.

My interest in heterogeneous-agent macroeconomics in an international context has further increased from the insight into the field that I gleaned by working with Profs. Sergio de Ferra and Federica Romei at Oxford in an early-stage project where, using new country-level data from the Global Repository of Income Dynamics (GRID), we are developing a discretization method that can match all four moments of the income process for each country (with normal and double-Pareto distributed permanent and temporary income shocks, respectively) and then embedding it in an Aiyagari model of several countries to test the quantitative implications of different income risk profiles on consumption and savings decisions, and thus capital flows between countries.

Looking forward, I aim to focus my dissertation on how fiscal policy transmission differs across emerging and advanced economies depending on income and wealth heterogeneity and financial market depth. The heterogeneous-agent macro workshop is therefore an incredible opportunity to gain exposure to the current research and state-of-the-art solution methods being used in heterogeneous-agent macro, and to learn from leading researchers in the field. While I have a working knowledge of some parts of the field, an intensive workshop course, covering all aspects of incomplete market and HANK models, with a focus on solution methods, is invaluable for a PhD student like me aiming to do research in this area as I will fill in the gaps in my knowledge and undoubtedly leave inspired and full of research ideas. I am especially interested in the open economy dimension of HANK models taught in the workshop as Adrien Auclert, Matthew Rognlie and Ludwig Straub are doing pathbreaking work in this area. In addition, this experience will give me the opportunity to meet fellow PhD students working in the field and discuss research ideas and potential collaborations. I therefore hope that I can be considered for the program.

Thank you very much for your time, and please feel free to contact me with any questions. If I am shortlisted, you can contact my supervisor Prof. Sergio de Ferra, Associate Professor in Economics at Oxford (`sergio.deferra@economics.ox.ac.uk`) for a recommendation.

Sincerely,

Gabriel P. Fritsch
PhD Candidate in Economics, University of Oxford

Gabriel P. Fritsch

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Education

Ph.D Candidate in Economics, **University of Oxford**, 2022–Present
Merton Graduate Scholarship in Economics

MPhil in Economics, **University of Oxford**, 2020-2022 (Distinction)

2021-Present Research Assistant for Sergio de Ferra and Federica Romei (Oxford)
2021 Research Assistant for François Gerard (QMUL)

B.A. in Economics, **Yale University**, 2013-2017 (Distinction)
Shortlisted (Honorable Mention) for Best Senior Thesis
Teaching Assistant for Intermediate Microeconomics

Employment

2017-2020 Analyst/Economist, Goldman Sachs, Global Investment Research (New York, US)
2016 Summer Research Analyst, Goldman Sachs, Global Investment Research (New York, US)
2015 Summer Research Analyst, Gavea Investimentos (Rio de Janeiro, Brazil)

Research Interests

International macroeconomics and finance, monetary economics, political economy

Working Papers

1. Fiscal Policy and Sudden Stops in Open Economies
2. Sovereign Debt Crises, Fiscal Austerity and Corporate Default
   Asked to cooperate as co-author by Sergio de Ferra on paper, which is R&R at the *Review of Economic Dynamics*

Other Publications

3. Are Government Spending Multipliers State Dependent? Evidence from UK Historical Data
4. *Economics Analyst*, Goldman Sachs Economics Research (2017-2020)
   i. The Effects of Sentiment on Economic Activity
   ii. Brazil: Two Lost Decades in Forty Years – Could it Lose Half a Century? (with Alberto Ramos)
   iii. Brazil: Searching for a New Engine of Growth (with Alberto Ramos)
   iv. LatAm: Keeping it Easy on Monetary Policy (with Alberto Ramos and Paulo Mateus)
   v. Chile: What Has Changed with the CPI Revision? (with Paulo Mateus)
   vi. Mexico: A New Political Order (with Alberto Ramos)
   vii. LatAm: Inflation Anchor Shifting from Cyclical to Structural (with Alberto Ramos)

Skills

Programming: Matlab, Python, Julia, Dynare, Stata, EViews, R, LaTeX
Languages: English (fluent), Portuguese (native), Spanish (advanced), French (intermediate)

PhD Courses in Macroeconomics

- Core Macroeconomics
- Advanced Macroeconomics I
- Advanced Macroeconomics II
- Topics in Macroeconomics
- International Macroeconomics and Finance