

Bernardo Candia

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BUSINESS ADDRESS:

Department of Economics
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DESIRED RESEARCH AND TEACHING FIELDS:

PRIMARY

Macroeconomics
International Economics

SECONDARY

Economic History

FIELDS OF CONCENTRATION:

Macroeconomics, International Economics

DISSERTATION TITLE: "Essays on Macroeconomics and International Economics"

Expected Date of Completion: May 2025
Principal Advisor: Professor Yuriy Gorodnichenko
Other References: Professors Olivier Coibion and Andrés Rodríguez-Clare

PRE-DOCTORAL STUDIES:

	DEGREE	DATE	FIELD
Universidad de Chile	M.A.	2018	Economics
Universidad de Chile	B.A.	2015	Business and Economics

WORKING PAPERS:

“Inflation Expectations and Household Spending: Different Patterns in Low and High-Inflation Settings” (**Job Market Paper**)

Abstract: Using multiple randomized control trials (RCTs) implemented through surveys of U.S. households, I show that household spending responses to exogenous changes in inflation expectations depend on the inflation environment. In times of low inflation, higher inflation expectations arising from information treatments lead households to reduce their consumption of durable goods (the negative income effect dominates). In contrast, in times of high inflation, I find a sharp positive effect on durable spending after an exogenous shock to inflation expectations (intertemporal substitution effect dominates).

“Exchange Rate Pass-Through and Invoicing Currency: Different Patterns at the Border and the Store”
With L. Cabezaz and Y. Xu.

Abstract: We use detailed microdata from Chile to analyze the role of currency of invoicing for exchange rate pass-through (ERPT) at the border and the store. At the border, we find a predominant role for the USD for ERPT; however, bilateral exchange rate fluctuations also matter for longer time horizons. Using an instrumental variable approach to estimate ERPT at the store, we show that on impact, exchange rate fluctuations have no effect on retail prices, consistent with sticky prices set in the consumer’s currency. For longer time horizons, bilateral and USD exchange rate movements significantly affect store prices.

“Do You Even Crypto, Bro? Cryptocurrencies in Household Finance”
With O. Coibion, Y. Gorodnichenko, and Michael Weber.

Abstract: Using repeated large-scale surveys of U.S. households, we study the cryptocurrency investment decisions and motives of households relative to other financial assets. Cryptocurrency holders tend to be young, male and more libertarian relative to noncrypto holders. They expect much higher rates of returns for crypto and perceive it as relatively safer than do other households. They also view it as a better hedge against inflation. For those holding cryptocurrencies, changes in Bitcoin prices translate into their purchases of durable goods. Finally, exogenously-provided information about historical returns of cryptocurrencies leads individuals to increase their desired crypto holdings and makes them more likely to actually purchase cryptocurrency subsequently. We compare these views and behaviors to those of households toward other financial assets and argue that cryptocurrency is unique in many of these respects.

“Keeping Up with the Jansens: Causal Peer Effects on Household Spending, Beliefs and Happiness”
With O. Coibion, D. Georgarakos, Y. Gorodnichenko, and Maarten van Rooij.

Abstract: How strong are peer effects on the beliefs and spending decisions of individuals? We use a randomized control study in

which treated households are told about either average income or debt of individuals like them to assess how peer effects influence their beliefs and spending. The information treatments are successful at moving respondents' beliefs about peers' incomes and debt levels. We find that individuals with exogenously higher perceived relative income become more opposed to redistribution and increase the amount of time they spend socializing with peers. In addition, we find some evidence of reallocative "keeping up with the Joneses" on spending, as those who learn their peers earn more than they thought tend to reallocate their spending toward durable goods and away from non-durables. However, the quantitative magnitude of peer effects on spending is small in the months following the information experiment. Peer effects also matter for labor supply decisions and ex-post employment outcomes. Finally, believing that one earns more than peers causally leads to large positive effects on happiness, above and beyond effects coming from spending more time with peers, changing beliefs about redistribution, or changes in spending patterns.

"Clientelism and Political Party Representation: A Deviation from the Median Voter Theorem"

With L. Muñoz.

Abstract: We model a primary election within a political party in the presence of clientelism. The party membership consists of two groups: an ideological group and a clientelistic group. In this model, we show that political platforms diverge from the median as the proportion of clientelistic voters within the party increases. The classic Downsian result of convergence to the median is restored when this proportion tends towards zero. The model also predicts that a candidate becomes more willing to purchase clientelistic votes from a political broker as the difference between the candidate's preferences and the party's median preference grows. Finally, in general elections where winning candidates from internal elections compete outside their party, the divergence caused by clientelism is significantly moderated.

"Another Reason to Use the Hamilton Filter"

With I. Gutierrez.

Abstract: This paper evaluates how sensitive filters commonly used in macroeconomics are to data revisions. Studying the issue both theoretically and empirically using real-time data, we find that the Hamilton filter is significantly less sensitive to data revisions than the Hodrick-Prescott and Band-Pass filters. Applying the Hamilton filter would thus yield real-time policy recommendations consistent with those obtained with ex post revised data.

"Countercyclical Earning Risk in Large Recessions: Consumption Dynamics and Welfare Losses"

With F. Díaz-Valdés.

Abstract: Labor earning shocks exhibit pro-cyclical skewness. We investigate how these cyclical risks account for the U.S. Great Recession's consumption dynamics and assess to what extent welfare losses could be exacerbated. By building a model of incomplete markets with idiosyncratic unemployment and efficiency risk correlated with aggregate shocks, we find three main differences compared to a model with only cyclical unemployment. First, consumption's initial decline is 0.5 percentage points larger, and its recovery is significantly slower. Second, aggregate welfare losses are more prominent in terms of lifetime consumption: 4.1% versus 3.1%. Third, the cross-sectional distribution of welfare losses has a thicker and longer right tail, meaning a non-negligible fraction of households suffer major losses.

SELECTED WORK IN PROGRESS:

"Households' Inflation Expectations and Shopping Behavior"

With O. Coibion, D. Georgarakos, Y. Gorodnichenko, and M. Weber.

"Closing the Connectivity Gap between the Rich and Poor: Internet Governance Reform for Better Interconnection"

With L. Cabezas, and J. Laketic.

PUBLICATIONS:

"Export-Led Decay: The Trade Channel in the Gold Standard Era"

With M. Pedemonte, accepted for publication at *Journal of European Economic Association*.

"Tell Me Something I Don't Already Know: Learning in Low and High-Inflation Settings"

With H. Afrouzi, O. Coibion, S. Frache, D. Georgarakos, G. Kenny, S. Kumar, R. Lluberá, B. Meyer, J. Ponce, T. Ropele, and M. Weber, accepted for publication at *Econometrica*.

"The Inflation Expectations of U.S. Firms: Evidence from a new survey"

With O. Coibion and Y. Gorodnichenko, *Journal of Monetary Economics* 145(2024): 1035-49.

"Perceived and Expected Rates of Inflation of US Firms"

With O. Coibion, Y. Gorodnichenko, and Michael Weber, *AEA Papers and Proceedings* 113(2023): 52-55.

"The Macroeconomic Expectations of Firms"

With O. Coibion, and Y. Gorodnichenko, *Handbook of Economic Expectations*.

"Taxes, Transfers and Income Distribution in Chile: Incorporating Undistributed Profits"

With E. Engel, *Commitment to Equity Handbook Volume 2*.

"Communication and the Belief of Economic Agents"

With O.Coibion, and Y. Gorodnichenko, in *Navigating the Decade Ahead: Implications for Monetary Policy*, Economic Policy Symposium (Jackson Hole, WY) Proceedings, Federal Reserve Bank of Kansas City, 2020.

REFEREEING SERVICE:

American Economic Review, Journal of International Money and Finance.

RESEARCH:

Research Assistant for Professor Yuriy Gorodnichenko, Department of Economics, U.C. Berkeley (2018-2025)
Research Assistant for Professor Eduardo Engel, Department of Economics, Universidad de Chile (2016-2018)
Research Assistant for Professor José De Gregorio, Department of Economics, Universidad de Chile (2012-2018)
Research Assistant: Chilean Ministry of Finance (2015-2016), Central Bank of Chile (2013-2014).

TEACHING:

Graduate Student Instructor, Department of Economics, U.C. Berkeley (Spring 2020- Fall 2021)
Macroeconomics (Math Intensive), Economic Theory Macro, Economic Analysis Macro
Lecturer, Department of Economics, Universidad de Chile (2016-2018)
Graduate: MATLAB workshop, Undergraduate: Macroeconomics I and II.
Teaching Assistant, Department of Economics, Universidad de Chile (2013-2017)
Statistical Theory, Quantitative Methods I, Macroeconomics I.

FELLOWSHIPS AND AWARDS:

2024	Doctoral Completion Fellowship, UC Berkeley.
2023	Clausen Center for International Business & Policy Grant, UC Berkeley.
2023	BB90 Fund for Monetary Economics, UC Berkeley.
2018-2022	Scientific Chilean Council (CONICYT), Fellowship, Chile
2018	Best Student of Class, M.A. in Economics, Universidad de Chile
2015-2016	Scientific Chilean Council (CONICYT), Fellowship, Chile
2015	Top 1% of Class, B.A. in Economics, Universidad de Chile

OTHER INFORMATION:

Languages: Spanish (native), English (fluent).
Citizenship: Chile