

ALEX CLYMO

LONDON SCHOOL OF ECONOMICS & POLITICAL SCIENCE

Department of Economics

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GENDER: Male

CITIZENSHIP: United Kingdom

PRE-DOCTORAL STUDIES:

2010 – 2011: MRes Economics (Distinction, ranked 1st), London School of Economics
2009 – 2010: MSc Economics (Distinction), London School of Economics
2006 – 2009: BA Economics (1st class honours), Cambridge University

DOCTORAL STUDIES:

PhD Economics, London School of Economics

DATES: 2011 – 2016

THESIS TITLE: Essays in Macroeconomics and Finance

THESIS ADVISOR AND REFERENCES:

Wouter den Haan (Advisor)
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CURRENT POSITION:

2015 – 2017: Postdoctoral Researcher, University of Amsterdam

DESIRED TEACHING AND RESEARCH:

Primary Fields: Macroeconomics, Finance, Optimal Policy, Heterogeneous agents modelling

RELEVANT POSITIONS HELD:

2014 – 2015: Research Assistant to Gianluca Benigno, LSE
2012 – 2013: Research Assistant to Wouter den Haan and Pontus Rendahl, LSE
2011 – 2012: Research Assistant to Albert Marcet and Andrew Scott, LBS

TEACHING EXPERIENCE:

2015 – 2017: Master's thesis supervision, UvA
2014 – 2015: FM212 Principles of Finance, LSE
2014 – 2014: Wouter den Haan's Computational Summer School, LSE
2012 – 2014: EC321 Monetary Economics, LSE
2012 – 2013: EC475 Quantitative Economics (Assistant Examiner), LSE
2010 – 2011: EC100 Economics A, LSE

LANGUAGES

English: Native

HONORS, SCHOLARSHIPS AND FELLOWSHIPS:

2013 – 2015: Paul Woolley Centre Scholarship, Financial Markets Group, LSE
2014 – 2015: Departmental Teaching Prize, Department of Finance, LSE
2012 – 2014: Two Departmental Teaching Prizes, Department of Economics, LSE
2010 – 2013: ESRC Scholarship centre-linked to the Centre for Economic Performance, LSE
2010 – 2011: Departmental Prize for Outstanding Examination Performance, LSE
2008 – 2009: Adam Smith Prize, Department of Economics, Cambridge
2007 – 2008: PriceWaterhouseCoopers Prize, Department of Economics, Cambridge
2006 – 2009: Whytehead Scholarship, St John's College, Cambridge

COMPLETED PAPERS:

Job Market Paper:

Heterogeneous Firms, Wages, and the Effects of Financial Crises

In this paper, I show that how a financial crisis manifests in the real economy in standard heterogeneous firm models depends crucially on assumptions on wage adjustment, and use this result to explain the divergent experiences of the US and UK during the recent financial crisis. The Great Recession manifested itself as a decline in hours and employment in the US, but a Total Factor Productivity decline in the UK. I argue that the fact that wages fell further during the crisis in the UK may provide an explanation. Theoretically, while a decline in wages protects the labour market, I show that, in the presence of financial frictions, it also causes a fall in TFP by misallocating resources across firms. A quantitative version of the model is able to explain the greater fall in hours during the crisis in the US, the lack of a significant fall in TFP in the US, and 1/3 of the UK's TFP decline, or "productivity puzzle".

Working Papers:

"Fiscal Policy with Limited-Time Commitment", with Andrea Lanteri

We consider models where the Ramsey-optimal fiscal policy under Full Commitment (FC) is time-inconsistent and define a new notion of optimal policy, Limited-Time Commitment (LTC). Successive one-period lived governments can commit to future plans over a finite horizon. We provide a sufficient condition on the mapping from finite policy sequences to allocations, such that LTC and FC lead to the same outcomes. We then show that this condition is verified in several existing models, allowing FC Ramsey plans to be supported with a finite commitment horizon (often a single period). We relate the required degree of commitment to the economic environment: in economies without capital, the minimum degree of commitment required is given by the government debt maturity; in economies with capital and government balanced-budget constraints, the required commitment is given by the horizon over which the budget has to be balanced.

"Growth and Business Cycle Effects of Future Financial Crises"

I study the ex-ante effects of the fear of future financial crises. I show theoretically that this "crisis fear" has both negative growth and business cycle effects, and can overturn the conventional view of the trade-offs of prudential policy. In a continuous-time framework, I model crises as multiple-equilibria events where the net worth of the financial sector is wiped out by a self-fulfilling fall in asset prices. I study the effects of allowing agents to understand the probability distribution over future crises, by solving the model with a sunspot (modelled as an endogenous jump process) determining equilibrium selection. The fear of crises lowers investment and growth today, even if experts are currently well enough capitalised to survive a crisis. The possibility of future crises also creates a state-dependent financial accelerator. Prudential policy can simultaneously increase growth and stabilise the economy, in contrast with common arguments that prudential policy should decrease growth.

“Labour Market Matching, Stock Prices & the Financial Accelerator”

I introduce financial frictions into the labour market matching model, and study interactions between the two frictions. I demonstrate a novel feedback between asset and labour markets which amplifies the model's response to exogenous shocks. During recessions high unemployment and low vacancies make it easier to hire workers, reducing the stock market value of existing firms by reducing the value of their existing matches. Declines in stock prices reduce net worth, and thus the ability to post new vacancies. This reduces stock prices further, leading to a financial accelerator effect. I derive an arbitrage equation between equity prices and market tightness similar to the standard free entry condition. I show that any matching model which possesses this arbitrage equation, which includes the standard matching model, is able to match 82% of the volatility in market tightness if it is calibrated to match the volatility in asset prices.

RESEARCH IN PROGRESS:

“Sudden Stops and Financial Fragility”, with Sweder van Wijnbergen

We study the interaction of sudden stops and domestic financial fragility in a small open economy macro model with a domestic banking sector. We present two main results. Firstly, sudden stops are more painful when the banking sector is undercapitalised. When the banking sector is well capitalised, sudden stops lead to depreciation, but when it is undercapitalised they also lead to the disruption of domestic production. Secondly, twin price spirals amplify the effects of shocks: depreciation reduces the real value of bank net worth, leading to fire sales of assets and declines in domestic asset prices. Declines of domestic asset prices also reduce bank net worth, reducing the ability to borrow from abroad, leading to further depreciation.

“(Exact) Non-Stochastic Simulation of Heterogeneous Agents using Endogenous Grids”

I develop an algorithm which extends Young's (2009) Non-Stochastic Simulation algorithm to overcome the curse of dimensionality. The algorithm simulates the population distribution of agents on a set of endogenously chosen nodes. If the population distribution has finitely many nodes, the algorithm constructs and only simulates on the true nodes. If the distribution has uncountably or countably infinite (or simply too many) nodes, the algorithm discards low-density nodes and projects the distribution onto the remaining nodes.

CONFERENCE AND SEMINAR PRESENTATIONS:

- 2016: Econometric Society Winter Meeting, Edinburgh (upcoming)
Bank of Italy Macroeconomic Dynamics Workshop (upcoming)
Stockholm University (invited)
EEA Annual Congress, Geneva
Computing in Economics and Finance, Bordeaux
Banque de France (invited)
Bank of England (invited)
RES Annual Conference, Brighton
- 2015: Econometric Society Winter Meeting, Milan
Bank of England (invited)
Econometric Society World Congress, Montreal
Trans-Atlantic Doctoral Conference, London
Belgrade Young Economists Conference
Midwest Macro Spring Meetings, St Louis

REFeree SERVICE:

Journal of Macroeconomics