

Andrea Chiavari

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Contact Information:

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Citizenship:

Italian

Graduate Studies:

Ph.D. in Economics, Universitat Pompeu Fabra, 2018 to present
Thesis title: "Essay in Macroeconomics and Firms Heterogeneity"
Expected Completion Date: July 2022

References:

Professor **Edouard Schaal** (advisor)
CREi, UPF, BSE, ICREA, and CEPR
Tel. (+34) 93 542 2765
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Professor **Isaac Baley** (advisor)
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Professor **Andrea Caggese**
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Professor **Jan Eeckhout**
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Master of Research in Economics, Universitat Pompeu Fabra, 2018
Master of Science in Economics, Barcelona Graduate School of Economics, 2017

Undergraduate Studies:

Bachelor in Economics, Catholic University of Sacred Heart, Italy, 2016

Teaching and Research Field:

Primary fields: Macroeconomics

Secondary fields: Firm Dynamics, Technological Change, Market Power, and Search and Matching

Teaching Experience:

Graduate:

2019 Advanced Techniques in Macroeconomics I, UPF, TA for Professor Edouard Schaal

2018, 2019 Advanced Macroeconomics II, BGSE, TA for Professor Isaac Baley and Professor Edouard Schaal

Undergraduate:

2021 Internation Economics II, UPF, TA for Professor Tomas Matinez
2020, 2021 Advanced Macroeconomics I, UPF, TA for Professor Andrea Caggese
2019, 2020, 2021 Advanced Macroeconomics II, UPF, TA for Professor Jordi Galí
2018 Macroeconomics I, UPF, TA for Professor Isaac Baley
2018 Introduction to Macroeconomics, UPF, TA for Professor María Gundín

Research Experience:

2018, 2019 CREi, Research Assistant for Professor Luca Fornaro
2018 UPF, Research Assistant for Professor Isaac Baley

Professional Activities:

Seminars:

2021 Royal Economic Society, Copenhagen Business School conference “10th Annual Search and Matching Society”, Queen Mary university conference “3rd QMUL Economics and Finance Workshop”, Spring Meeting of Young Economists, Asian Summer Meeting of the Econometric Society, Society of Economic Dynamics, BGSE Summer Forum Market Power and the Labor Market, European Summer Meeting of the Econometric Society, Princeton university conference “Young Economist Symposium”, Alicante university conference “Workshop of the Spanish Macroeconomic Network”
2020 CREi Macro Lunch
2019 CREi Macro Lunch

Discussions:

2021 Oxford university conference “Firm Heterogeneity and the Macroeconomy” (“How do Firms Build Market Share” by Argente, Fitzgerald, Moreira, and Priolo)

Workshop & Conference

Organization:

2020 BGSE Ph.D. Jamboree

Summer Schools:

2019 Empirical Analysis of Firm Performance at CEMFI
2018 Tools for Macroeconomists I & II at LSE, Financial Frictions and Macroprudential Policies at EUJ
2016 Real Analysis at LSE

Honors, Grants, and Fellowships:

2021-2023 European Investment Bank—Universities Research Sponsorship: “Firm Competitiveness, Growth and Digitalization,” PI: Andrea Caggese (€300,000)
2018-2022 Teaching Assistant fellowship, UPF
2017-2018 MRes tuition waiver, UPF
2016-2017 Master tuition waiver, BGSE

Research Papers:

“The Macroeconomics of Rising Returns to Scale: Customer Acquisition, Markups, and Dynamism” (Job Market Paper)

This paper studies the macroeconomic implications of the rise in firm-level scale economies. My empirical finding is that the average firm-level returns to scale increased within all US sectors, going from 1 to 1.05 between 1980 and

2014. Simultaneously, business dynamism declined, markups rose, and firms devoted increasing resources to customers acquisition, suggesting their active involvement in building and exploiting scales. To jointly account for these facts, I propose a novel theory of firm dynamics grounded in directed search in the product market. Search frictions microfound the customer accumulation process and the presence of heterogeneous markups. The rise in returns to scale explains 62-70% of the decline in business dynamism; 29% of the increase in markups; and 14-45% of the growth in expenditures devoted to customers acquisition. Additionally, the model rationalizes further facts: the aging of US firms, the reallocation of sales toward high markup firms, and the declining responsiveness of firms to productivity shocks.

“The Rise of Intangible Capital and the Macroeconomic Implications” (with Sampreet Goraya)

Intangible capital has risen dramatically in the last decades, accounting for more than 30% of aggregate investment by 2015. However, we still know little about its importance in the production process and its associated properties. We estimate the firm-level production function, finding that intangible capital is an important factor for production: its share increased from 0.03 to 0.12 at the expense of labor between 1980 and 2015. We label this phenomenon *intangible capital biased technological change* (IBTC). Further, we provide novel empirical evidence showing that the investment process of intangible capital is associated with higher sunk costs, meaning that it entails higher investment adjustment costs relative to tangible capital. Finally, using a model of firms and investment dynamics, we show that IBTC can explain many of the trends witnessed in the US economy since the 1980s. Specifically, it quantitatively explains the rise in the average firm size and concentration, the changes in aggregate factor shares, the increase in the profit rate, the decline in the tangible capital investment rate, and the decrease in allocative efficiency. Our findings suggest that a significant fraction of these transformations can be an outcome of the efficient response of the economy to changes in firm-level production technology.

“Heterogeneous Markups Cyclicity and Monetary Policy” (with Marta Morazzoni and Danila Smirnov)

Firms' markups cyclicity is at the heart of monetary policy transmission in the New Keynesian model. Using US Compustat data and employing local projection techniques, we uncover a novel empirical fact: dominant firms have a more countercyclical markup response after an unexpected contractionary monetary policy shock. Using a heterogeneous firms New Keynesian model with demand accumulation and endogenous markups that evolve over the life-cycle of producers, we show that this is due to the different demand elasticities faced by the firms. Dominant firms face a more inelastic demand, which implies a lower pass-through rate from costs to prices. Therefore, after a contractionary monetary policy shock, dominant firms pass less the reduction in marginal costs to prices compared to competitors, and increase their markups by more, as documented empirically. After calibrating the model to US micro-level data, we find that considering firms' heterogeneous demand elasticities has important implications for monetary policy amplification.

Research in Progress:

“Intangible Capital, Lumpy Investment, and Business Cycle” (with Sampreet Goraya and Marko Irisarri)

“Risk-Free Rate, Marginal Product of Capital, and Intangible Investment” (with Julia Faltermeier and Sampreet Goraya)