
Henrique S. Basso

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Personal Information

Nationality Brazilian and Italian
Language Portuguese - mother tongue, English - fluent, Spanish - good command

Employment & Visits

Sep/12 - Present Senior Economist - Macroeconomic Analysis Division - Bank of Spain
Sep/10 - Aug/12 Assistant Professor - University of Warwick - Department of Economics
Mar/11 - Sep/11 Visiting Researcher - Bank of Spain
Sep/08 - Aug/10 Research Fellow - Uppsala University - Department of Economics
Oct/04 - Jan/08 Teaching Assistant/ Lecturer - Birkbeck College - University of London
Oct/99 - Apr/03 Market Risk Manager - JPMorgan Chase - London

Education

Oct/03 - Oct/08 PhD in Economics - University of London - Birkbeck College
Oct/01 - Sep/03 MSc in Economics with distinction (Part-time) - University of London -
Birkbeck College
Oct/98 - Sep/99 MSc in Economics and Finance with distinction - University of Warwick
Mar/94 Dec/97 BSc Economics - State University of Campinas - UNICAMP- Sao Paulo
- Brazil

Honours, Scholarships and Internships

Research Fellow - Uppsala University - Department of Economics - Sep/08 - Aug/10
Internship - European Central Bank - Jun/06 - Sep/06
Graduate Excellence in Teaching - Birkbeck College, University of London - Academic
years 2004/05 and 2005/06
Full PhD Scholarship from the Economic and Social Research Council (ESRC - UK) -
Sep/03 - Aug/07

Peer-Reviewed Publications

"Fiscal Delegation in a Monetary Union with Decentralized Public Spending" (with James Costain) - CESifo Economic Studies, June 2016

"Waiting time distribution in public health care: empirics and theory" (with Sofia Dimakou and Ourania Dimakou) - Health Economics Review, 2015, vol. 5, issue 1, pages 1-27

"Liquidity, Term Structure and Monetary Policy" (with Yunus Aksoy) - The Economic Journal, vol. 124(581), December 2014 pages 1234 - 1278

"Lending Relationships and Monetary Policy" (with Yunus Aksoy and Javier Coto-Martinez) - Economic Inquiry vol. 51(1), January 2013 pages 368-393

"Financial Dollarization: The Role of Banks and Interest Rates" (with Oscar Calvo-Gonzalez and Marius Jurgilas) - Journal of Banking & Finance, vol. 35(4), April 2011 pages 794-806.

"Delegation, Time Inconsistency and Sustainable Equilibrium" Journal of Economic Dynamics and Control, Volume 33, Issue 8, August 2009, Pages 1617-1629.

Other Publications

“*Macroprudential Theory: Advances and Challenges*” (with James Costain) - Bank of Spain Occasional Paper No. 1604, 2016

“*Assessing the economic costs and benefits of TLAC implementation*” (with Expert Group chaired by Kostas Tsatsaronis) - Bank of International Settlement, November 2015

“*Investment Cost Channel and Monetary Transmission*” (with Yunus Aksoy and Javier Coto-Martinez) - Central Bank Review, Central Bank of the Republic of Turkey, July 2011, vol. 11(2), pages 1-13.

Working Papers

(available at <http://sites.google.com/site/hsbasso/research>)

“*The Young, the Old, and the Government: Demographics and Fiscal Multipliers*” (with Omar Rachedi

Abstract - We document that fiscal multipliers depend on the age structure of the economy. Using the variation in government military spending and birth rates across U.S. states, we show that local fiscal multipliers increase with the share of young people in total population. We rationalize this fact with a parsimonious open-economy life-cycle New Keynesian model with credit market imperfections and age-specific Frisch elasticities. The model explains 61% of the relationship between local fiscal multipliers and demographics. We use the model to study the implications of population aging, and find that nowadays U.S. national fiscal multipliers are 36% lower than in 1980

“*Asset Holdings, Information Aggregation in Secondary Markets and Credit Cycles*”

Abstract - Imperfect information aggregation in secondary markets of credit have significant consequences for economic cycles. Exploring the incentive structure of payoffs in banking we show that adverse signals may not be revealed in the equilibrium of the secondary markets such that agents continue to expect benign economic conditions, mispricing default risk. That generates low credit spreads and high asset prices; an economic boom is ensued. Due to mispricing, banks are subsequently unable to absorb losses. Output then decreases sharply due to credit supply shortages. These instances of market dysfunction are crucial in amplifying credit cycles.

“*Demographic Structure and Macroeconomic Trends*” (with Yunus Aksoy, Ron Smith and Tobias Grasl) - Bank of Spain Working Paper 1528, 2015.

Abstract - The effect of changes in demographic structure on medium-run trends of key macroeconomic variables is estimated using a Panel VAR of 21 OECD economies. The panel data variability assists the identification of direct effects of demographics, while the dynamic structure uncovers long-term effects. Young and old dependants are found to have a negative impact while workers contribute positively. We propose a theoretical model, highlighting the relationship between demographics, innovation and growth, whose simulations match our empirical findings. The current trend of population aging and reduced fertility is found to reduce output growth and real interest rates across OECD countries.

“Securitization and Asset Prices” (with Yunus Aksoy) - Bank of Spain Working Paper 1526, 2015.

Abstract - We investigate the link between securitization and asset prices and show that increases in the growth rate of the volume of ABS issuance lead to a sizable decline in bond and equity premia. Furthermore, we show that in a model where banks select their portfolio of assets and create synthetic securities, the compensation for undertaking risk decreases as securitization increases. The pooling and tranching of credit assets relaxes both the funding and the risk constraints banks face allowing them to increase balance sheet holdings. Accordingly, the drop in the risk premium may be unrelated to a decline in actual risk.

“Fiscal delegation in a monetary union: Instrument assignment and stabilization properties” (with James Costain)

Abstract - Motivated by the failure of fiscal rules to eliminate deficit bias in Europe, this paper analyzes an alternative policy regime in which each member state government delegates at least one fiscal instrument to an independent authority with a mandate to avoid excessive debt. Other fiscal decisions remain in the hands of member governments, including the allocation of spending across different public goods, and the composition of taxation. We study the short- and long-run properties of dynamic games representing different institutional configurations in a monetary union. Delegation of budget balance responsibilities to a national or union-wide fiscal authority implies large long-run welfare gains due to much lower steady-state debt. The presence of the fiscal authority also reduces the welfare cost of fluctuations in the demand for public spending, in spite of the fact that the authority imposes considerable austerity when it responds to fiscal shocks.

Teaching and Research Fields

Primary Fields: Macroeconomics, Monetary Economics

Secondary Fields: Banking and Finance, Applied Macroeconomics

Teaching Experience

Monetary Economics - MSc Economics - Warwick - 2010/2011 and 2011/2012

Macroeconomics - BSc Economics - Warwick - 2010/2011 and 2011/2012

Monetary Economics - PhD Economics - Uppsala - 2009/2010

Financial Theory - Masters in Finance - Uppsala - 2009/2010

Quantitative Techniques - MSc Economics - Birkbeck - 2007/2008

Introduction to Economics - BSc Economics - Birkbeck - 2007/2008