

DIEGO LEGAL-CAÑISÁ

Department of Economics
University of Virginia
PO Box 400182
Charlottesville, VA 22904-4182

Mobile: (773) 592-3694
dal2am@virginia.edu
<https://sites.google.com/view/diegolegal>
Citizenship: Paraguay (F1-Visa)

FIELDS OF INTEREST

Macroeconomics, Financial and Labor Economics, Monetary Economics, Computational Methods

EDUCATION

Ph.D. Economics, University of Virginia (expected May 2020)

Dissertation: “Consumer Bankruptcy and Labor Market Policies”

Committee: Eric Young, Zach Bethune, Ana Fostel, Kartik Athreya

M.A. in Economics, University of Virginia (2015)

M.A. in Economics, University of Illinois at Chicago (2014)

B.S. in Economics (*summa cum laude, gold medal*), National University of Asuncion (2010)

RESEARCH

“Unemployment Insurance with Consumer Bankruptcy”

Job Market Paper

“The Effect of Minimum Wages on Consumer Bankruptcy”

Working paper

“Changing Worldviews and Economic Dynamics”

Work in progress

(with Joseph Hollmayr, Christian Matthes, and Miguel Mascarua)

“Unemployment Insurance and the Composition of Personal Bankruptcy”

Work in progress

SELECTED PRESENTATIONS

Meetings of the Econometric Society: North America (Seattle, June 2019), European (Manchester, Aug. 2019), and Latin America (Puebla, Nov. 2019), European (Rotterdam, Dec. 219)

Richmond Fed/UVa Fall Conference (Richmond, 2019)

Virginia Commonwealth University School of Business Seminar (Richmond, 2019)

Conference of the Money, Macro & Finance Group, London School of Economics (London, 2019)

New Initiative for Computational Economics, Hoover Institution (Stanford, 2018, 2019)

9th Annual European Search and Matching Conference (Oslo, 2019)

George Washington University Graduate Student Conference (Washington, 2019)

Macro Financial Modeling Summer Session for Young Scholars, Becker Friedman Institute (Harwich, 2018)

SELECTED PROFESSIONAL EXPERIENCE

Teaching Assistant, University of Virginia

- Corporate Finance (McGee, F2019)
- Intermediate Macroeconomics (Eric Young, Sp2019, Sp2018)
- Global Financial Markets (Ana Fostel, F2017, Sp2017, Sp2016)
- Money and Banking (Doyle, Su2017, F2016)
- Principles of Microeconomics (Doyle, Su2016, Elzinga, F2015)

Grader, University of Virginia

- Corporate Finance (McGee, Sp2019)
- Behavioral Finance (Burton, Sp2018)
- Intermediate Macroeconomics (Eric Young, Sp2017)
- The Theory of Financial Markets (Burton, F2016)
- Empirical Finance (Peterson, Sp2016)

Research Assistant for Sophie Osotimehin (2015-2017) and Ana Fostel (2016)

Graduate Supervisor, Undergraduate Economics Research Assistant Program (2018-2019), University of Virginia

Economic Analyst, Central Bank of Paraguay (2010-2014)

Lecturer, Principles of Economics, Autonoma University of Asuncion (2011-2012)

Lecturer, Mathematics for Economists, and **Research Assistant**, Paraguayan Institute of Economic Research (2009-2010)

SELECTED AWARDS

Quantitative Collaborative Bynum Grant Proposal, University of Virginia (2019)
 Graduate Fellow, Marshall Jevon's Undergraduate Research Fund, University of Virginia (2018)
 Quantitative Collaborative Graduate Fellow, University of Virginia (2018-2019)
 Bankard Pre-doctoral Fellowship, University of Virginia (2018)
 University of Illinois at Chicago Department of Economics Master's Fellowship (2012-2014)

SOFTWARE SKILLS

Matlab, Fortran, Parallel Computing (OpenMPI, OpenMP), Python, Stata

LANGUAGES

Spanish (Native), English (Full professional proficiency) and Guaraní (Basic)

SERVICE

Organizer of the UVa Macro Research Group meetings (2017-2018)
 Interviewer for the mocks interviews to the UVa job market candidates (2017-2018)
 Voting coordinator to bring Giovanni Violante to the Bankard Graduate Student Workshop (2017)
 Volunteer at Saint Mary of the Lake Parish, Uptown, Chicago, IL, USA (2013)
 Volunteer at SAKA Foundation in Municipal Elections (2010)
 Volunteer at DEQUENI Foundation (PROELA program to get kids out of streets and give them educational opportunities, 2010)
 Class Vice-president in the economics department at the National University of Asunción (2006-2007)
 Member of the Commission and founder of San Clemente High School Alumni Association (2006)

RESEARCH ABSTRACTS

“Unemployment Insurance with Consumer Bankruptcy”

I quantitatively evaluate how unemployment insurance (UI) affects unsecured credit markets and how the welfare implications of UI depend on consumer bankruptcy. Theoretically, higher UI benefits can reduce default risk since they imply higher income during a situation of low-income. However, they can also reduce precautionary savings, encourage borrowing and unemployment, and require more taxes, which would increase default risk. I start by comparing bankruptcy rates for bordering counties and exploit policy discontinuities at state borders to identify that bankruptcy rates fall with the maximum amount of UI available. I then construct a general equilibrium model of unsecured consumer credit and unemployment. The model accounts for the cross-state negative relationship, and I use it to study changes in the UI replacement rate. For low levels of replacement rate, the model predicts that the first effect dominates, and more UI benefits reduce default risk and increase ex ante welfare. As UI increases, default risk increases, and welfare falls. Increasing the replacement rate above the current 50% to 55% would increase welfare by 0.5% if bankruptcy is not available (welfare increases even beyond 60%), but with a bankruptcy option, it reduces welfare by 1.7%.

“The Effect Minimum Wage on Consumer Bankruptcy”

Bankruptcy filers are middle-low income borrowers with strong labor market attachment in the sense that both employment rate and unemployment rate are higher in the sub-population of filers than in the overall population. So, it is plausible that a labor market policy, like the minimum wage, could have implications for borrowing and bankruptcy decisions. I use county-level bankruptcy rate from 1991-2017 and state-level differences in minimum wages. Using policy discontinuities at the state border, I find that bankruptcy rates are lower in counties belonging to states with higher minimum wage compared to its neighboring county in the lower minimum wage state. So far, I found no statistically significant evidence of minimum wage on chapter 13 bankruptcy.

“Changing Worldviews and Macroeconomic Dynamics”

Joint with Josef Hollmayr (Deutsche Bundesbank), Miguel Mascarúa (UVa), and Christian Matthes (Indiana University)

How often do households, firms, market participants, and policymakers change their view of the world? How do these changes affect economic outcomes? We tackle these questions by first operationalizing a 'worldview' as a specific economic model that agents use to form forecasts of any variable of interest. When agents update their worldview, they do so just like agents in the literature on learning in macroeconomics (Marcet & Sargent, Evans & Honkapohja, Primiceri, to name just a few key contributors). The novelty of our approach is that we explicitly model when agents choose to update. We use a general formulation where updating occurs when a function of past and current economic outcomes is larger than a (possibly random) threshold variable. We discuss various micro-foundations for this general specification before discussing how models of this class can be efficiently estimated via MCMC methods. Finally, we bring this machinery to bear on the question of when firms and households in the US have shifted their views on both fiscal and monetary policymakers since World War II.

“Unemployment Insurance and the composition of personal bankruptcy”

I use policy discontinuities at the state border to identify the effect of UI generosity on consumer bankruptcies under Chapter 7 and 13 of the US Bankruptcy Code. I use county-level total bankruptcy rate from 1991-2007 and UI differences across States (under the regular UI program). The main result under the benchmark specification is that there is a significant and negative effect of increasing the total amount of UI benefits during an unemployment spell on chapter 7 bankruptcy but a positive and significant effect on chapter 13. I build a model that accounts for this differentiated effect of UI on the chapter composition of personal bankruptcy. A key mechanism studied in this paper is that higher UI not only increase expected income for borrowers encouraging borrowing, but also induce debt re-composition from unsecured debts to mortgages.