

**DIEGO DARUICH**  
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**Employment**

2019-present Assistant Professor of Finance and Business Economics, University of Southern California – Marshall School of Business  
2018-2019 Economist, Federal Reserve Bank of St. Louis

**Education**

PhD. in Economics, New York University, 2012-2018  
Thesis Title: *Explaining Inequality and Intergenerational Mobility: The Role of Family Background.*  
Master in Economics, Centro de Estudios Monetarios y Financieros (CEMFI), 2010-2012  
B.A. in Economics, Universidad Torcuato di Tella, 2006-2010

**Teaching and Research Fields**

Macroeconomics, Labor Economics, Computational Economics, and Development

**Teaching Experience**

Macroeconomics for Business, USC Marshall

2021 (Fall) Teaching 3 sessions  
2019 (Spring) Co-teaching 4 sessions with Assistant Professor Neha Bairoliya

Introduction to Macroeconomics, NYU

2017 (Fall) Teaching fellow for Clinical Professor Marc Lieberman  
2017 (Spring) Teaching fellow for Adjunct Professor Edward Steinberg  
2016 (Fall) Teaching fellow for Clinical Professor Marc Lieberman  
2016 (Spring) Teaching fellow for Clinical Professor Maharukh Bhiladwall

Macroeconomic Theory II (Ph.D.), NYU

2014 (Spring) Teaching fellow for Professor Gianluca Violante  
2014 (Spring) Teaching fellow for Professor Thomas Sargent

**Honors, Scholarships, and Fellowships**

2022 Visiting Scholar, Opportunity and Inclusive Growth Institute  
2018 Cowles Foundation Visitor, Yale  
2017-2018 Dean Dissertation Fellowship, NYU  
2012-2017 McCracken Fellowship, NYU  
2010-2012 Fundacion Carolina Fellowship, CEMFI

## **Research Experience and Other Academic Activities**

### **Conferences and Seminars Presentations**

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|------|---|
| 2021 | Columbia Junior Micro Macro Labor Conference, CAF, Virginia Commonwealth University, WEAI, SED, USC, Stanford Institute for Theoretical Economics (SITE), William and Mary, UC Riverside  |
| 2020 | Barcelona GSE Summer Forum (Children's Health, Well-Being and Human Capital Accumulation + Income Dynamics and the Family), USC, University of Tokyo  |
| 2019 | California Macroeconomics Conference, University of Houston, FRB of Atlanta, Arizona State University, FRB of St. Louis   |
| 2018 | Virginia, Wisconsin-Madison, Northwestern, CEMFI, World Bank, Maryland, UCSD, USC-Marshall, Toronto-Rotman, Rochester, NBER Summer Institute, Toronto, Queen's, Families and the Macroeconomy Conference, Yale, RIDGE, UTDT Annual Conference |
| 2017 | NASM of the Econometric Society, SED, Federal Reserve Board, FRB of St. Louis, FRB of Minneapolis   |
| 2016 | SED   |
| 2015 | ECINEQ, EEA, Midwest Macro  |

### **Coordination Activities**

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|--------------|---|
| 2020-present | USC Marshall, Macro Seminar co-organizer      |
| 2019-2020    | USC Marshall, Macro Brown Bag co-organizer    |
| 2015-2017    | NYU, Organizer of Macro Student Lunch Seminar |

### **Research Assistant**

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| 2017      | NYU, Research Assistant for Professor Gianluca Violante |
| 2014-2015 | NYU, Research Assistant for Professor William Easterly  |
| 2014-2015 | NYU Stern, Research Assistant for Professor Mervyn King |

### **Summer Schools**

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| 2015 | Summer School on Socioeconomic Inequality |
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### **Referee**

American Economic Journal: Macro, American Economic Review, Econometrica, Economic Journal, International Economic Review, Journal of Development Economics, Journal of Economic Dynamics and Control, Journal of Political Economy, Journal of Public Economics, National Science Foundation, Quantitative Economics, Review of Economic Dynamics, Review of Economics of the Household, World Bank Economic Review

## **Publications**

### ***Explaining Intergenerational Mobility: The Role of Fertility and Family Transfers***

With Julian Kozlowski. *Review of Economic Dynamics* (2020).

Poor families have more children and transfer less resources to them. This suggests that family decisions about fertility and transfers dampen intergenerational mobility. To evaluate the quantitative importance of this mechanism, we extend the standard heterogeneous-agent life-cycle model with earnings risk and credit constraints to allow for endogenous fertility, family transfers, and education. The model, estimated to the US in the 2000s, implies that a counterfactual flat income-fertility profile would---through the equalization of initial conditions---increase intergenerational mobility by 7%. The impact of a counterfactual constant transfer per child is twice as large.

**Awards:** Best Third Year Paper (NYU), LISER prize for research on inequality

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### ***The Surprising Instability of Export Specializations***

With William Easterly and Ariell Reshef. *Journal of Development Economics* (2019).

We study the instability of hyper-specialization of exports. We have two main findings. (1) Specializations are surprisingly unstable: Export ranks are not persistent, and new top products and destinations replace old ones. Measurement error is unlikely to be the main or only determinant of this pattern. (2) Source-country factors are not the main explanation of this instability: Only 20% of the variation in export growth can be explained by variation in comparative advantage (source-by-product factors), while another 20% of the variation in export growth can be explained by variation in bilateral (source-by-destination) factors. The high share of product, destination, and product-by-destination factors, diminishes the emphasis on the nations where the exports originate. The high share of idiosyncratic variance (residual at the source-product-destination level of variation) of about 30%, also indicates the difficulty to predict export success using source country characteristics. These findings suggest that export performance depends, to a greater extent than previously appreciated, on forces that are outside the realm of national export promotion and industrial policies.

**In the media:** [VOX](#)

## **Working Papers**

### ***The Macroeconomic Consequences of Early Childhood Development Policies***

*R&R at Journal of Political Economy.*

To study long-run large-scale early childhood policies, this paper incorporates early childhood investments into a standard general-equilibrium (GE) heterogeneous-agent overlapping-generations model. After estimating it using US data, we show that an RCT evaluation of a short-run small-scale early childhood program in the model predicts effects on children's education and income that are similar to the empirical evidence. A long-run large-scale program, however, yields twice as large welfare gains, even after considering GE and taxation effects. Key to this difference is that investing in a child not only improves her skills but also creates a better parent for the next generation.

**In the media:** [New York Times](#)

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### ***The Effects of Partial Employment Protection Reforms: Evidence from Italy***

With Sabrina Di Addario and Raffaele Saggio. *R&R at Review of Economic Studies.*

We combine matched employer-employee data with firms' financial records to study a 2001 Italian reform that lifted constraints on the employment of temporary contract workers while maintaining rigid employment protection regulations for employees hired under permanent employment contracts. Exploiting the staggered implementation of the reform across different collective bargaining agreements, we find that this policy change led to an increase in the share of temporary contracts but failed to raise employment significantly. The reform had both winners and losers. Firms are the main winners as the reform was successful in decreasing labor costs, leading to higher profits. By contrast, young workers are the main losers since their earnings were substantially depressed following the policy change. Rent-sharing estimates show that workers on a temporary contract receive only two-thirds of the rents shared by firms with workers hired under a permanent contract, helping to explain most of the firms' labor costs and workers' earnings reductions caused by the reform.

### ***Uniform Pricing Within and Across Regions: New Evidence from Argentina***

With Julian Kozlowski. *Conditional Accept at American Economic Journal: Macroeconomics*

We compile a new database of grocery prices in Argentina. We find uniform pricing both within and across regions—i.e., prices almost do not vary within stores of a chain. In line with uniform pricing, prices in stores of chains operating in one region react to changes in regional employment, while prices in multi-region chains do not. Using a quantitative regional model with multi-region firms and uniform pricing, we find a one-half smaller elasticity of prices to a regional than an aggregate shock. This result highlights that some caution may be necessary when using regional shocks to estimate aggregate elasticities.

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### ***Universal Basic Income: A Dynamic Assessment***

With Raquel Fernandez

Universal basic income (UBI) is an increasingly popular policy proposal but there is no evidence regarding its longer-term consequences. We study UBI in a general equilibrium model with imperfect capital markets, labor market shocks, and intergenerational linkages via skill formation and transfers. We find that UBI increases older agents' welfare but generates large welfare losses for younger agents and future generations. This conclusion is robust to various alternative ways of financing UBI. A novel part of the analysis compares adjacent cohorts over the transition to show that a large share of the negative effects stem from the endogenous intergenerational linkages.

**In the media:** [NPR](#)

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### ***An Equilibrium Analysis of the Effects of Neighborhood-based Interventions on Children***

With Eric Chyn

To study the effects of neighborhood and place-based interventions, this paper incorporates neighborhood effects into a general equilibrium (GE) heterogeneous-agent overlapping-generations model with endogenous location choice and child skill development. Importantly, housing costs as well as neighborhood effects are endogenously determined in equilibrium. Having calibrated the model using U.S. data, we use simulations to show that predictions from the model match reduced form evidence from experimental and quasi-experimental studies of housing mobility and urban development programs. After this validation exercise, we study the long-run and large-scale impacts of vouchers and place-based subsidies. Both policies result in welfare gains by reducing inequality and generating improvements in average skills and productivity, all of which offset higher levels of taxes and other GE effects. We find that a voucher program generates larger long-run welfare gains relative to place-based policies. Our analysis of transition dynamics, however, suggests there may be more political support for place-based policies.