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DOCTORAL STUDIES Massachusetts Institute of Technology (MIT)
PhD, Economics, Expected completion June 2016
DISSERTATION: “Skill Mismatch and Structural Unemployment”

DISSERTATION COMMITTEE AND REFERENCES

Professor Daron Acemoglu
MIT Department of Economics
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Professor Abhijit Banerjee
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Professor Ivan Werning
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PRIOR EDUCATION Universidad de los Andes
BA in Economics (2010)
BA in Mathematics (2010)

CITIZENSHIP Colombian

GENDER: Male

LANGUAGES English and Spanish (Native)

FIELDS Primary Fields: Macroeconomics and Labor.

Secondary Fields: Political Economy.

TEACHING EXPERIENCE TA for the course “Group Inequality,” taught by Professors Glenn Loury (Brown) and Rajiv Sethi (Columbia) at Los Andes University.

RELEVANT POSITIONS Full-time research assistant for Professor Daron Acemoglu from 2012 to 2016.

FELLOWSHIPS, HONORS, AND AWARDS Presidential fellowship, MIT (2011)
Summa Cum Laude, Universidad de los Andes (2010)
International Mathematics Competitions Medalist (2003, 2004, 2005, 2009)
Participant at the Clay Mathematics Research Academy (2005)
Best Undergraduate Paper Award, Universidad de los Andes(2009)

PROFESSIONAL ACTIVITIES **Referee for:** Econometrica, Quarterly Journal of Economics, The Economic Journal, Review of Economics and Statistics, Journal of Economic Behavior and Organizations, Journal of Politics.
Conferences: NBER Summer Institute 2015, Economic Growth Group; AEA Meeting, 2015; NBER Summer Institute 2014, Crime Group; Transatlantic Crime Workshop, Bocconi University, 2014; UCLA International Institute, 2013; Advances in the Economics of Income Distribution, Paris School of Economics, 2013;ALCAPONE, Rio de Janeiro, 2011; LACEA/LAMES, 2010 and 2008.

PUBLICATIONS **“Crime and Conspicuous Consumption,”** Joint with Daniel Mejia, **Journal of Public Economics, 2015.**

“The Economics of the War on Illegal Drug Production and Trafficking,” with Daniel Mejia. **Journal of Economic Behavior and Organizations, 2015.**

“On the Effects of Enforcement on Illegal Markets: Evidence from a Quasi Experiment in Colombia,” Joint with Daniel Mejia and Sandra Roza, **World Bank Economic Review, 2015.**

“Democracy, Redistribution and Inequality,” Joint with Daron Acemoglu, Suresh Naidu and James Robinson, **Handbook of Income Distribution, 2014.**

RESEARCH PAPERS **“Skill Mismatch and Structural Unemployment,”** Job Market Paper.
To study the effect of structural change on labor markets, I build a model in which structural change creates a mismatch between novel jobs skill requirements and workers' current skills. When the mismatch is severe,

labor markets go through a prolonged adjustment process in which unemployment is amplified and job creation is low. Due to matching frictions, firms find less workers with the requisite skills for novel jobs and respond by creating fewer jobs. The paucity of novel jobs creates an external amplification effect that increases unemployment for all workers--including those who already hold the requisite skills---and it discourages rapid skill acquisition by workers. Although structural change is a secular process, the mismatch interacts with the business cycle, causing a large and long-lasting increase in unemployment that concentrates in recessions. I demonstrate that the decline in routine-cognitive jobs outside manufacturing---a pervasive structural change affecting U.S. labor markets since 2000---caused a severe skill mismatch that contributed to the long-lasting increase in unemployment observed during the recent Great Recession. My evidence suggests that the external amplification effect outlined above is important. Moreover, I find that the skill mismatch amplified and propagated demand shocks at the local labor market level.

“The Race Between Man and Machine: Implications of Technology for Growth, Factor Shares and Unemployment,” with Daron Acemoglu.

The advent of automation and the simultaneous decline in the labor share and employment among advanced economies raise concerns that labor will be marginalized and made redundant by new technologies. This paper examines this proposition in a task-based framework wherein tasks previously performed by labor are automated, more complex versions of existing tasks can be created, and in these new tasks labor tends to have a comparative advantage. We fully characterize the structure of equilibrium in this model, showing how the allocation of factors to tasks and factor prices is determined by the available technology and the endogenous choices of firms between capital and labor. We then demonstrate that although automation tends to reduce employment and the share of labor in national income, the creation of more complex tasks has the opposite effect, and both types of innovations contribute to economic growth. Our model endogenizes the direction of research and development towards automation and the creation of new complex tasks. Endogenous technology is consistent with a balanced growth path in which both types of innovations go hand-in-hand. More importantly, our analysis shows that the equilibrium self-corrects: an increase in automation reduces the wage to rental rate ratio, which discourages further automation and encourages greater creation of more labor-intensive tasks. This process restores the share of labor in national income and the employment to population ratio. Though the economy is self-correcting, the equilibrium allocation of research effort is not optimal. Automation is attractive to firms because it reduces wage payments. To the extent that wages reflect quasi-rents for workers, firms will engage in too much automation. Finally, we extend the model to include workers of different skills. We find that inequality increases during transitions, but the self-correcting forces of the economy limit the increase in inequality over longer periods.

“Democracy Does Cause Growth,” with Daron Acemoglu, Suresh Naidu and James Robinson. **Revise and Resubmit (second round), Journal of Political Economy.**

We provide evidence that democracy has a significant and robust positive effect on GDP per capita. In our empirical estimates, we use a dichotomous measure of democracy that is coded from several sources to reduce measurement error and we control for country fixed effects and the rich dynamics of GDP, which otherwise confound the effect of democracy on economic growth. Our baseline results employ a dynamic panel model for GDP and demonstrate that in the long run democratizations increase GDP per capita by about 20%. We obtain similar results when we control for the GDP dynamics linearly or for the propensity to democratize on the basis of past GDP dynamics, and we estimate the effect of democratizations on GDP year-by-year. We obtain comparable estimates using regional waves of democratizations to instrument for democracy. Our results suggest that democracy increases future GDP because it encourages investment, increases schooling, induces economic reforms, improves public good provision, and reduces social unrest. We find little support for the view that in less developed economies democracy constrains economic growth.

“The Mounties and the Origins of Peace in the Canadian Prairies.”

In a study of the settlement of the Canadian Prairies, I ask whether differences in violence across regions reflect the historical ability of the state to centralize authority and monopolize violence. I compare settlements that in the late 1880s were located near Mountie-created forts with those that were not. Data from the 1911 Census reveal that settlements far from the Mounties’ reach had unusually high adult male death rates. Even a century later the violence in these communities continues. In 2014, communities located at least 100 kilometers from former Mountie forts during their settlement had 45% more homicides and 55% more violent crimes per capita than communities located closer to former forts. I argue that these differences may be explained by a violent culture of honor that emerged as an adaptation to the lack of a central authority during the settlement and subsequently persisted over time. Consistent with this interpretation, I find that those who live in once-lawless areas are more likely to hold conservative political views. In addition, I use data for hockey players to uncover the influence of culture on individual behavior. Though players interact in a common environment, those who were born in areas historically outside the reach of the Mounties are penalized for their violent behavior more often than those who were not.

**OTHER
SUBMITTED
PAPERS**

“Regulatory Protective Measures and Risky Behavior: Should we be Saved from Ourselves,” with Alberto Chong. **Revise and Resubmit, Journal of Public Economics.**

“Scarcity Without Leviathan: The Violent Effects of Cocaine Supply Shortages in the Mexican Drug War,” with Juan C. Castillo and Daniel Mejia.

“Bushes and Bullets: Illegal Cocaine Markets and Violence in Colombia,” with Daniel Mejia.

**RESEARCH IN
PROGRESS**

“Durable Crises,” with Nicolas Caramp and David Colino.

We study the role that durable goods play in amplifying recessions. People consume a flow value out of their stock of durable goods, and so a decline in the demand for goods and services causes a disproportionate fall in the demand for durable goods. We show that commuting zones that were historically specialized in the production of durable goods experienced a larger decline in employment during the recent Great Recession than areas with less employment in durables. The reduction in the demand for durable goods spills over upstream. Because industries locate close to their suppliers, input-output linkages amplify the negative effects of employment at the local labor market level. The effects are particularly large in commuting zones specialized in the production of durable inputs utilized in the production of other durable goods. Finally, we show that the role of durables is stronger in commuting zones that experienced a boom from 2000 to 2007. This finding is consistent with the view that consumers and firms overbuilt their stock of durable goods before the recession, which forced firms providing durables to scale down production during the recession and the recovery.

“The Role of Rents and Productivity in Explaining the Rise in Inequality.”

“Robotics and Aging,” with Daron Acemoglu.

“The Effect of Industrial Robots on Employment,” with Daron Acemoglu.