

## Geeta Garg

<https://sites.google.com/view/geetagarg/>

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### Contact Information

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### Education

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Ph.D.	Economics, Indiana University, 2015 - Present Thesis Title: Household Beliefs and Japan's Lost Decades: The Role of Fiscal Policy Credibility
M.Phil.	Development Economics, Indira Gandhi Institute of Development Research (IGIDR), Mumbai, 2015
M.Sc.	Finance and Economics, 2010
B.A.	Economics, with Honors, Delhi University, 2008

### References

Prof. Todd Walker (Advisor)  
Department of Economics  
Indiana University  
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Prof. Eric Leeper  
Department of Economics  
University of Virginia  
ml3jf@virginia.edu

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### Research

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#### Research Fields:

Macroeconomics, Fiscal Policy, Monetary Policy

#### Research Experience:

Research Assistant	Todd Walker (Indiana University)	06/2019 - 07/2019
Research Assistant	Todd Walker (Indiana University)	05/2019 - 08/2019
Research Assistant	Rajeswari Sengupta (IGIDR, Mumbai)	Fall 2016

#### Academic Presentations:

2018	Midwest Macro Meeting (Vanderbilt University, Nashville TN, USA), Jordan River Conference (Indiana University), Macro Brown Bag (Indiana University)
2015	ISIK-IGIDR-SDS Doctoral Students Workshop (Indian Statistical Institute, India), Institute for Economic Thinking (INET) Advanced Graduate Workshop on Indian Development (Azim Premji University, India)

#### Honors and Awards:

Department of Economics Conference Funding Award, Indiana University, 2018  
Department of Economics Graduate Assistantship, Indiana University, 2015-Present  
M.Phil. Fellowship, IGIDR, Mumbai (India), 2013-2015  
Outstanding Student in M.Sc. Finance and Economics, Queen Mary, University of London, 2010

## Teaching Experience

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### Associate Instructor (Full Teaching Responsibilities)

Statistical Analysis for Business and Economics	Spring 2020, Fall 2020
Intermediate Macroeconomics	Spring 2019, Fall 2019
Introduction to Microeconomics	Spring 2018, Fall 2018

### Discussion Section Associate Instructor

Statistical Analysis for Business and Economics	Fall 2017
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### Graduate Assistant

Statistical Analysis for Business and Economics	Spring 2017
Introduction to Microeconomics	Spring 2016
International Trade	Fall 2015, Fall 2016

### Teaching Assistant, IGIDR, Mumbai (India)

Macroeconomics - II (Graduate Level)	Spring 2016
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## Professional Experience

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Consultant, National Transport Development Policy Committee (NTDPC), Planning Commission of India.	06/2013 - 07/2013
Research Officer, NTDPC, Planning Commission of India	02/2011 - 06/2013

### Planning Commission of India Publications:

Contributed to the drafting of chapters of the report “Planning Commission. (2014). India Transport Report: Moving India to 2032. In Report by National Transport Development Policy Committee, Planning Commission, Government of India. Thompson Press India Ltd.”

## Research Papers

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### Job Market Paper:

#### *“Household Beliefs and Japan’s Lost Decades: The Role of Fiscal Policy Credibility”*

Post the asset price collapse of 1990s, fiscal authorities in Japan were repeatedly unsuccessful in credibly committing to the future path of fiscal policy. Promises of fiscal consolidation and failure to achieve those promises generated fiscal uncertainty. In this paper, I incorporate this aspect of fiscal uncertainty in a New-Keynesian DSGE model calibrated to match Japanese data, by allowing tax rules to change according to the stance of the government. The agents in this model have imperfect foresight and must form their decisions taking into account the known probability distribution over all future fiscal paths that economy can take. I find that beliefs about the future fiscal policy introduce time-variation in both the expected tax rates and their volatilities, which affects equilibrium in the current period. The effects of fiscal uncertainty can be detrimental if it is allowed to persist over the long-term, so much so that debt burden may become unstable. Early resolution of uncertainty stabilizes the economic activity by preventing a large increase in debt and lowering the expectations of higher tax rates in future. Fiscal uncertainty can deepen the effects of a recession over the short-term by causing a greater contraction in economic activity relative to the case of no uncertainty.

#### *“Impact of Fed Chairmen Appointments on the Financial Markets”*

This paper examines the reaction of financial markets to the Federal Reserve chairmen appointments using a new dataset based on the daily counts of news articles that discuss these appointments. To the extent these appointments convey new information about future monetary policy, financial markets respond to them because of revision in their expectations of the future path of interest rates or inflation. I find that financial markets reacted adversely (Yen appreciated against USD, bond yields increased and stock returns slightly declined) in response to Volcker’s departure or Greenspan’s (first) appointment. However there was a muted response of financial markets to the appointments/departures that occurred afterwards. I plan to extend the analysis to examine the reaction of financial markets to the appointments of Presidential candidates.

## Work in Progress Papers and Projects:

### *“Are Tax Cuts Expansionary? Narrative Evidence based on Japanese Data”*

In this paper, I examine the macroeconomic impact of anticipated tax liability changes in Japan. I find that the tax cuts that have been announced but not yet implemented lead to a decline in output, consumption, investment, hours worked and real wages, generating a slowdown during the period before their implementation. These anticipation effects depend on the size of implementation lag. Lower is the implementation lag, less pronounced is the slowdown generated by the announcement of tax cuts. Once the tax cuts are implemented, tax cuts are expansionary only when the implementation lag is less than 2 quarters. After consumption taxes are excluded from the data, the implemented tax cuts are not only contractionary, but also the magnitude of decline is large. Thus, implemented tax cuts are not expansionary as observed in the U.S. data. These findings imply that long implementation lags in the tax policy can be detrimental to the economic recovery

### *“Construction of Real-time measure of Interest Rate Expectations using Textual Data”*

The goal of this project is to construct a real-time measure of public-signals about pending interest rate changes during “the Great Inflation” period. The objective is to understand the timeline of change in interest rate expectations before and after the announcement of the appointment of Volcker as the chairman of the Federal Reserve. To construct this measure, I utilize textual data which consists of a corpus of newspaper articles, collected from two major newspapers - the New York Times and the Wall Street Journal. These newspaper articles are scanned pdf images that undergo several text pre-processing techniques to bring them into a useful form. I then apply two different supervised probabilistic topic models on this dataset - Latent Dirichlet Allocation (LDA) and the Non-Negative Matrix Factorization (NMF) - which are forms of dimension reduction techniques that collapse together semantically similar terms, to discover topics to which the documents belong. In this document, I describe each of these methods in detail, their pros and cons, their comparison, and commonly used posterior inference techniques such as Variational Inference and Gibbs sampling. I find that NMF method, despite its simplicity, is at least as good as LDA in terms of extracting topics from the textual data. This project is largely a work-in-progress. I plan to extend this analysis to a longer time-series of textual data.

## Skills

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### **Languages:**

Extensive knowledge of MATLAB, R,  $\text{\LaTeX}$

Intermediate knowledge of Python (for Data analysis and Natural Language Processing), Fortran, STATA

### **Languages:**

English (Fluent), Hindi (Native)