

Program Draft

2nd Research Conference of the CEPR Network on Macroeconomic Modelling and Model Comparison (MMCN)

June 7-8, 2018

Stanford University
Hoover Institution, Stanford University

Conference organizers:

Michael Binder (IMFS, Goethe University Frankfurt)
John B. Taylor (Stanford University and Hoover Institution)
Volker Wieland (IMFS, Goethe University Frankfurt and CEPR)

MMCN is a new research network under the auspices of CEPR and is a part of the new Macroeconomic Model Comparison Initiative (MMCI) by the Hoover Institution at Stanford University and the Institute for Monetary and Financial Stability (IMFS) at Goethe University Frankfurt. The MMCI initiative is supported financially by the Alfred P. Sloan Foundation.

Quantitative macroeconomic models play an important role in informing policy makers about the consequences of monetary, fiscal and macro-prudential policies. The Macroeconomic Modelling and Model Comparison Network (MMCN) aims to make progress in this area by promoting collaboration among interested researchers in academia and policy institutions. It hopes to provide a forum for presenting new models and model comparisons, as well as the solution and estimation methods underlying them, thereby enhancing opportunities for building on the work of others.

The organizers are very grateful for the financial support of the conference by the Hoover Institution, the Foundation for Monetary and Financial Stability and the Alfred P. Sloan Foundation.

Overview

Thursday, June 7, 2018

08:00 – 08:50	Registration and Coffee
08:50 – 09:00	Welcome
09:00 – 09:40	Keynote Speech: Lars Hansen
09:40 – 10:40	Parallel Session I (2 x 2 papers: Wolters, Ferrari, Gelain, Gelfer)
10:40 – 11:00	Coffee Break
11:00 – 12:30	Parallel Session II (2 x 3 papers: Müller, Jones, Furlanetto, Rondina, Hawkins, Bodenstein)
12:30 – 13:30	Lunch
13:30 – 15:00	Poster Session I (10 posters, coffee served)
15:00 – 16:30	Plenary Session I: Nonlinearity and Recession (Mertens, Trabandt, Cochrane)
16:30 – 18:00	Parallel Session III (2 x 3 papers: Ferrante, Kurtzman, Shilling, Benchimol, Binder, Schmedders)
18:15 – 20:30	Dinner & Dinner Speech: John B. Taylor

Friday, June 8, 2018

08:30 – 10:00	Plenary Session II: Macro models and policy (Farmer, Kumhof, Wieland)
10:00 – 10:30	Coffee Break
10:30 – 12:00	Parallel Session V (2 x 3 papers: Mazelis, Posch, Boehl, int’Veld, Dawid, Bhattarai)
12:00 – 13:00	Lunch
13:00 – 14:30	Poster Session II (10 posters, coffee served)
14:30 – 15:30	Parallel Session VI (2 x 2 papers: Nikolov, Faia, Judd, Cai)
15:30 – 17:00	Plenary Session III: Models and Estimation (Otrok, Darracq Pariès, Del Negro)
17:00	Concluding Remarks

Plenary sessions: 25 minutes for paper presentation and 10 minutes for general discussion.

Parallel sessions: 15-20 minutes for paper presentation, 10 - 15 minutes for discussant and/or general discussion.

Posters: 10 posters per session with ample time for participants to visit several posters and discuss with the authors.

Thursday, June 7, 2018

8:00 – 8:50 *Registration and Coffee*

8:50 – 9:00 **Welcome**

9:00 – 9:40 **Keynote Speech**

Lars Hansen, University of Chicago

Comparative Valuation Dynamics in Models with Financing Restrictions

9:40 – 10:40 **Parallel Session I**

Model Estimation and Shocks

Maik Wolters

University of Jena

*How the Baby Boomers' Retirement Wave
Distorts Model-Based Output Gap*

Discussant: **TBD**

Massimo Ferrari

Università Cattolica del Sacro Cuore

*Monetary Policy Spillovers, Global
Commodity Prices and Cooperation*
(jointly with A. Filardo, M. Lombardi, C.
Montoro)

Discussant: **TBD**

DSGE Models and Financial Frictions

Paolo Gelain

Federal Reserve Bank of Cleveland

*DSGE Models with Financial Frictions:
Does Frequency Matter?* (jointly with C.
Foroni, M. Macellino)

Discussant: **TBD**

Sacha Gelfer

Bentley University

*Financial Crises, Recoveries and Labor
Market Dynamics: Evidence from a Data-
Rich DSGE Model*

Discussant: **TBD**

10:40 – 11:00 *Coffee Break*

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11:00 – 12:30

Parallel Session II

Financial Crisis and Recession

Callum Jones

International Monetary Fund

Household Leverage and the Recession
(jointly with V. Midrigan, T. Philippon)

Discussant: **Elena Pastorino**, Stanford University

Gernot Müller

University of Tübingen

Financial Repression in General Equilibrium (jointly with A. Kriwoluzky, A. Scheer)

Discussant: **Arvind Krishnamurty**, Stanford University

Francesco Furlanetto

Norges Bank

Output Gap, Monetary Policy Trade-offs and Financial Friction (jointly with P. Gelain, M. Sanjani)

Discussant: **TBD**

Model Uncertainty and Monetary Policy

Francesca Rondina

University of Ottawa

Model Uncertainty and the Direction of Fit of the Postwar U.S. Phillips Curve(s)

Discussant: **TBD**

Raymond J. Hawkins

University of California, Berkeley

Monetary Policy Rules and PID Control (jointly with J. Speakes, D. Hamilton)

Discussant: **TBD**

Martin Bodenstein

Federal Reserve Board

Employment, Wages and Optimal Monetary Policy (jointly with J. Zhao)

Discussant: **Chad Jones**, Stanford University

12:30 – 13:30

Lunch

13:30 – 15:00

Poster Session I

15:00 – 16:30

Plenary Session I: Nonlinearity and Recession

Thomas M. Mertens (Federal Reserve Bank of San Francisco)

What to Expect from the Lower Bound on Interest Rates: Evidence from Derivatives Prices (jointly with J. Williams)

Mathias Trabandt (Free University of Berlin)

Resolving the Missing Deflation Puzzle (jointly with Jesper Lindé)

John Cochrane (Hoover Institution, Stanford University)

TBA

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16:30 – 18:00

Parallel Session III

Unconventional Monetary Policy and Money

Francesco Ferrante
Federal Reserve Board

Risky Lending, Bank Leverage and Unconventional Monetary Policy

Discussant: **TBD**

Robert Kurtzman
Federal Reserve Board

Misallocation Costs of Digging Deeper into the Central Bank Toolkit (jointly with D. Zeke)

Discussant: **TBD**

Linda Shilling
Utrecht University

Some Simple Bitcoin Economics

Discussant: **Pablo Kurlat**, Stanford University

Heterogeneous Agents and Bounded Rationality

Karl Schmedders
University of Zurich

Re-use of Collateral: Leverage, Volatility, and Welfare

Discussant: **Hanno Lustig**, Stanford University

Michael Binder
Goethe University Frankfurt

Heterogeneous Information, Diverse Higher-Order Beliefs and Business Cycles: Propagation Mechanisms and Empirical Performance (jointly with M. Farkas, V. Wieland)

Discussant: **Yuriy Gorodnichenko**, University of California, Berkeley

Jonathan Benchimol
Bank of Israel

Optimal Monetary Policy under Bounded Rationality (jointly with Lahcen Bounader)

Discussant: **TBD**

18:15 – 20:30

Dinner

Dinner Speech

John B. Taylor, Stanford University and Hoover Institution

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Friday, June 8, 2018

8:00 – 8:30

Coffee

8:30 – 10:00

Plenary Session III: Macroeconomic Models and Policy

Roger Farmer (University of Warwick, NIESR and UCLA)
Keynesian Economics without the Phillips Curve

Michael Kumhof (Bank of England)
Towards a New Monetary Theory of Exchange Rate Determination (jointly with A. Cesa-Bianchi, A. Sokol, G. Thwaites)

Volker Wieland (Goethe University Frankfurt and CEPR)
TBA (jointly with P. Lieberknecht)

10:00 – 10:30

Coffee Break

10:30 – 12:00

Parallel Session V

R-Star, Zero Bound and Monetary Policy

Falk Mazelis
European Central Bank
Taylor-Rule Consistent Estimates of the natural Rate of Interest (jointly with C. Brand)

Discussant: **TBD**

Olaf Posch
Universität Hamburg
Resurrecting the New-Keynesian Model: (Un)conventional Policy and the Taylor Rule

Discussant: **TBD**

Gregor Boehl
Goethe University Frankfurt
Forward Guidance at the ZLB: Curse and Blessing of Time-Inconsistency (jointly with F. Strobel)

Discussant: **TBD**

Structural and Tax Policy in Macro Models

Saroj Bhattarai
The University of Texas at Austin
Macroeconomic Effects of Capital Tax Rate Changes (jointly with J.W. Lee, W.Y. Park & C. Yang)

Discussant: **Philipp Lieberknecht**, Goethe University Frankfurt

Jan in 't Veld
European Commission
Growth Effects of Structural Reforms and their Impact on the Functional Income Distribution (jointly with J. Varga, W. Roeger, L. Vogel)

Discussant: **TBD**

Herbert Dawid
Bielefeld University
Cohesion Policy and Inequality Dynamics: Insights from a Heterogeneous Agents Macroeconomic Model (jointly with P. Harting, M. Neugart)

Discussant: **TBD**

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12:00 – 13:00	<i>Lunch</i>	
13:00 – 14:30	<u>Poster Session II</u>	
14:30 – 15:30	<u>Parallel Session VI</u>	
	<u>Banks, Leverage and Crises</u>	<u>Numerical Methods, Macro Models and Climate Change</u>
	Kalin Nikolov European Central Bank	Kenneth Judd Hoover Institution, Stanford
	<i>Bank Capital in the Short and in the Long Run</i> (jointly with C. Mendicino, J. Suarez, D. Supera)	<i>Numerical Dynamic Programming with Verification and Uncertainty Quantification: An Application to Climate Policy</i> (jointly with Yongyang Cai)
	Discussant: TBD	Discussant: TBD
	Ester Faia Goethe University Frankfurt	Yongyang Cai Ohio State University
	<i>Ambiguous Leverage Cycles</i> (jointly with M. Bassanin, V. Patella)	<i>To Build or Not to Build? Capital Stocks and Climate Policy</i> (jointly with E. Baldwin & K. Kuralbayeva)
	Discussant: TBD	Discussant: TBD
15:30 – 17:00	<u>Plenary Session III: Macroeconomic Models and Estimation</u>	
	Marco Del Negro (Federal Reserve Bank of New York) <i>DSGE Forecast of the Lost Recovery</i> (jointly with M. Cai, M. Giannoni, A. Gupta, P. Li, E. Moszkowski)	
	Matthieu Darracq Pariès (European Central Bank) <i>Synopsis of the Euro Area Financial Crisis</i> (jointly with P. Jacquinot, N. Papadopoulou)	
	Christopher Otrok (University of Missouri, Federal Reserve Bank of St. Louis) <i>Estimating Macroeconomic Models of Financial Crises: An Endogenous Regime Switching Approach</i> (jointly with G. Benigno, A. Foerster, A. Rebucci)	
17:00	Concluding Remarks	

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Poster Session I

Thursday, June 7

Tomohide Mineyama
Boston College

Downward Nominal Wage Rigidity and Inflation Dynamics during and after the Great Recession

Felix Strobel
Goethe University and IMFS

MMCI and Macroeconomic Model Database 2.3

Nicolas Caramp
University of California, Davis

Fiscal Origins of Monetary Paradoxes (jointly with D. H. Silva)

Alan Finkelstein Shapiro
Tufts University

Banking and Financial Participation Reforms, Labor Markets, and Financial Shocks (jointly with B. Epstein)

Hashmat Khan
Carleton University

The Shifts in Lead-Lag Properties of the US Business Cycle (jointly with J. Brault)

Alessandro Galesi
Banco de Espana

The Rise and Fall of the Natural Interest Rate (jointly with G. Fiorentini, G. Pérez-Quirós, E. Sentana)

Carlos Zarazaga
Federal Reserve Bank of Dallas

Fiscal Stabilization and the Credibility of the U.S. Budget Sequestration Spending Austerity (jointly with R. Hu)

Jonathan Swarbrick
Bank of Canada

Business cycles in space (jointly with T. Holden)

Nuno Paixão
Bank of Canada

Housing Prices and Consumer Spending: The Bank Balance Sheet Channel

Poster Session II

Friday, June 8

Andreas Tryphonides
Humboldt-Universität zu Berlin

Set identified dynamic economies and robustness to misspecification

Alexander Clymo
University of Essex

Firm Dynamics at the Zero Lower Bound

Jorge Abad
CEMFI

Breaking the Feedback Loop: Macroprudential Regulation of Banks' Sovereign Exposures

Tim Robinson
The University of Melbourne

How Prevalent is Weak Identification in DSGE Models (jointly with C. L. Chua)

Paul Luk
Hong Kong Baptist University

Dynamics of Secured and Unsecured Debt Over the Business Cycle (jointly with T. Zheng)

Alejandro van der Gote
European Central Bank

Coordinating Monetary and Financial Regulatory Policies

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Junior Maih Norges Bank and BI Norwegian Business School	<i>Modelling Occasionally Binding Constraints Using Regime-Switching</i> (jointly with A. Binning)
Henrique S. Basso Banco de Espana	<i>Asset Holdings, Information Aggregation in Secondary Markets and Credit Cycles</i>
Nikolay Iskrev Banco de Portugal	<i>Calibration and the estimation of macroeconomic models</i>
Benjamin García Central Bank of Chile	<i>Xmas: An extended model for analysis and simulation</i> (jointly with S. Guarda, M. Kirchner, R. Tranamil)

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