

# Marco Bassetto

## Curriculum Vitae

### Education

Ph.D., Economics, University of Chicago, June 1998

B.A., Economics, Università Commerciale Luigi Bocconi, July 1992

### Employment

Senior Research Economist, Federal Reserve Bank of Minneapolis, 2019-present

Senior Economist and Economic Advisor, Federal Reserve Bank of Chicago, 2009-2019

Professor of Macroeconomics, University College London, 2013- 2015

Senior Economist, Federal Reserve Bank of Chicago, 2005-2009

Assistant Professor, University of Minnesota, 2000-2007

Assistant Professor, Northwestern University, 1998-2000

### Publications in Academic Journals

“Institution Building without Commitment” (joint with Victor Ríos-Rull and Zhen Huo), *American Economic Review*, forthcoming.

“A Ramsey Theory of Financial Distortions” (joint with Wei Cui), *Journal of Political Economy*, 2024, vol. 132, pp. 2612-2654.

“Discussion of ‘Fiscal Federalism and Monetary Unions’ by Berriel, Gonzalez-Aguado, Kehoe, and Pastorino” (joint with Jason Hall), *Journal of Monetary Economics*, 2024, vol. 141, pp. 178-183.

“Mobility, Population Growth, and Public Capital Spending in the United States” (joint with Leslie McGranahan), *Review of Economic Dynamics*, 2021, vol. 41, pp. 255-277.

“Shotgun Wedding: Fiscal and Monetary Policy” (joint with Thomas J. Sargent), *Annual Review of Economics*, 2020, vol. 12, pp.659-690.

“Forward Guidance: Communication, Commitment, or Both?” *Journal of Monetary Economics*, 2019, vol. 108, pp.69-86.

“Is Inflation Default? The Role of Information in Debt Crises” (joint with Carlo Galli), *American Economic Review*, 2019, vol. 109, pp. 3556-3584.

“The Fiscal Theory of the Price Level in a World of Low Interest Rates” (joint with Wei Cui), *Journal of Economic Dynamics and Control*, 2018, vol. 89, pp. 5-22 (lead article), special Fed St. Louis-JEDC-SCG-SNB-UniBern Conference on Fiscal and Monetary Policies

“Speculative Runs on Interest Rate Pegs” (joint with Christopher Phelan) *Journal of Monetary Economics*, 2015, vol. 73, pp. 99–114.

“Credit Crunches and Credit Allocation in a Model of Entrepreneurship” (joint with Marco Cagetti and Mariacristina De Nardi), *Review of Economic Dynamics*, 2015, vol. 18, n.1., pp.53-76, special issue on Money, Credit, and Financial Frictions.

“Optimal Fiscal Policy with Heterogeneous Agents,” *Quantitative Economics*, 2014, vol. 5, n.3, pp. 675-704.

“Fiscal Consequences of Paying Interest on Reserves” (joint with Todd Messer), *Fiscal Studies*, 2013, vol. 34, n.4 , pp.413-436.

“Tax Riots” (joint with Christopher Phelan), *Review of Economic Studies*, 2008, vol. 75, n.3, pp. 649-669.

“Political Economy of Taxation in an Overlapping-Generations Economy,” *Review of Economic Dynamics*, 2008, vol.11, n.1, pp.18-43.

“Politics and Efficiency of Separating Capital and Ordinary Government Budgets,” *Quarterly Journal of Economics*, 2006, vol.121, n.4, pp.1167-1210. (Marco Bassetto with Thomas J. Sargent).  
 “Redistribution, Taxes, and the Median Voter” (joint with Jess Benhabib), *Review of Economic Dynamics*, 2006, vol.9, n.2, pp. 211- 223.  
 “Equilibrium and Government Commitment,” *Journal of Economic Theory*, 2005, vol. 124, n.1, pp. 79-105.  
 “On the Irrelevance of Government Debt When Taxes are Distortionary” (joint with Narayana Kocherlakota), *Journal of Monetary Economics*, 2004, vol.51, n.2, pp. 299-304.  
 “Negative Nominal Interest Rates,” *American Economic Review (Papers and Proceedings)*, 2004, vol.94, n.2, pp.104-108.  
 “A Game-Theoretic View of the Fiscal Theory of the Price Level,” *Econometrica*, 2002, vol.70, n.6, pp.2167-2195.  
 “Exchange Rate and Inflation Risks in Portfolio Choices,” *Rivista Internazionale di Scienze Economiche e Commerciali*, 1991, vol.38, n.10-11, pp.949-68 (in Italian).

### **Other Publications**

“On the Mechanics of Fiscal Inflation,” (joint with Luca Benzoni and Jason Hall), *Quarterly Review*, Federal Reserve Bank of Minneapolis, 2024, vol. 44, n.2, pp. 2-14.  
 “Inflation Forecasting and the Great Recession,” (joint with Todd Messer and Christine Ostrowski) *Economic Perspectives*, Federal Reserve Bank of Chicago, 2013, vol. 37, n.3, pp. 79-106.  
 “What is the Relationship between Large Deficits and Inflation in Industrialized Countries?” (joint with R. Andrew Butters) *Economic Perspectives*, Federal Reserve Bank of Chicago, 2010, vol. 34, n.3, pp. 83-100.  
 “The Research Agenda: Marco Bassetto on the Quantitative Evaluation of Fiscal Policy Rules,” *Economic Dynamics Newsletter*, 2009, vol. 10, n.2.  
 “Fiscal Theory of the Price Level,” in Lawrence Blume and Steven Durlauf (eds.), *The New Palgrave: A Dictionary of Economics*, 2<sup>nd</sup> edition, 2008, MacMillan: London.  
 “Government Investment and the European Stability and Growth Pact,” (joint with Vadym Lepetyuk), *Economic Perspectives*, Federal Reserve Bank of Chicago, 2007, vol. 31, n.3, pp. 33-43. A version with a technical appendix is available as NBER Working Paper #13200, 2007.  
 “Fiscal Policy and Price Stability: The Case of Italy, 1992-98,” *Chicago Fed Letter*, 2006 no. 233.

### **Research in progress**

“A Theory of Gradual Trade Liberalization and Retrenchment” (joint with Victor Ríos-Rull and Zhen Huo)  
 “A Monetary-Fiscal Theory of Sudden Inflation” (joint with David S. Miller), Federal Reserve Bank of Minneapolis staff report, 2022, n. 641  
 “Monetary-Fiscal Interactions with Forty Budget Constraints (joint with Gherardo Caracciolo), Federal Reserve Bank of Minneapolis working paper, 2021, n. 788

### **Other Papers**

“The Interplay between Financial Conditions and Monetary Policy Shocks,” (joint with Luca Benzoni and Trevor Serrao), Federal Reserve Bank of Chicago working paper 2016-11.  
 “Public Investment and Budget Rules for States vs. Local Governments,” Federal Reserve Bank of Chicago Working Paper, 2008, n.21  
 “Crises in the Foreign Exchange Markets and the Reputation of Monetary Authorities”, (joint with

Rony Hamaui), Working paper CESPRI, Milan, Italy, 1993, n.66.

“Reputation and Public Debt Management with Uncertainty and Asymmetric Information”, Quaderni di Ricerca IEP Bocconi, Milan, Italy, 1992 n.4.

### **Honors and Awards**

Semi-plenary Speaker, 2018 Conference of the Society for the Advancement of Economic Theory

Plenary Speaker, 2017 Workshop of the Australasian Macroeconomics Society

NBER Research Economist 2007-2013

NBER Faculty Research Fellow, 2005-2007

Alfred P. Sloan Research Fellowship, 2004-07

“Mobility, Budget Rules and Government Spending,” NSF grant, 2004-11

“Inflation and Policy Rules,” NSF grant, 2001-04

Alfred P. Sloan Doctoral Dissertation Fellowship, 1997-98

### **Other Professional Activities**

Adjunct Professor (graduate courses), University of Minnesota, Spring 2022 and Spring 2024

UCL, Honorary Professor, 2015-2022

International Research Fellow, Institute for Fiscal Studies, 2015-present

Editor, *Review of Economic Dynamics*, July 2010-present

Associate Editor, *Econometrica*, July 2019-present

Associate Editor, *Theoretical Economics*, July 2010-present

Associate Editor, *American Economic Review*, 2014-2016

Research Fellow, Institute for Fiscal Studies, 2013-2015

Associate Editor, *Review of Economic Dynamics*, June 2006-June 2010

Editor, *B.E. Journal of Macroeconomics*, April 2006-March 2010

Visiting Lecturer (graduate), University of Chicago, Fall 2008

Visitor, University College London, spring 2005

Referee for: *American Economic Review*, *B.E. Journal of Macroeconomics*, *Econometrica*, *The Economic Journal*, *Economic Letters*, *Economic Theory*, *European Economic Review*, *Federal Reserve Bank of Chicago Economic Perspectives*, *Federal Reserve Bank of Minneapolis Quarterly Review*, *International Economic Review*, *Journal of Economic Theory*, *Journal of the European Economic Association*, *Journal of Macroeconomics*, *Journal of Mathematical Economics*, *Journal of Monetary Economics*, *Journal of Political Economy*, *Journal of Public Economics*, *Journal of Public Economic Theory*, National Science Foundation, *Quantitative Economics*, *Quarterly Journal of Economics*, *Review of Economic Dynamics*, *Review of Economic Studies*, *Scandinavian Journal of Economics*, US Civilian Research and Development Foundation, *Zeitschrift für Nationalökonomie*

Program Committee Member, 2015 World Congress of the Econometric Society

Program Committee Member, Meetings of the European Economic Association, 2003, 2004, 2006, 2014, 2015

Program Committee Co-chair, 2013 Minnesota Workshop in Macroeconomic Theory

Program Committee Member, 2012 North-American Meeting of the Econometric Society

Co-Organizer (with Thomas J. Sargent), Becker-Friedman Institute conference on “Fiscal Policy under Fiscal Imbalance,” 2011

Program Committee Member, 2008 Meeting of the Society for Economic Dynamics

Visiting Scholar, Federal Reserve Bank of Minneapolis, 2000-05

Program Committee Co-chair, 2005 Meeting of the Society for Economic Dynamics

Program Committee Member, 2004 Meeting of the Society for Economic Dynamics

Member of the Organizing Committee of the Summer Workshop in Macroeconomics,

Northwestern University, Evanston, IL, July 1999