20TH CONFERENCE

THEORIES AND METHODS IN MACROECONOMICS

Banque de France, Paris

March 24-25, 2016

With the financial support of

Organizers:
Hervé Le Bihan, Banque de France
Matthieu Lemoine, Banque de France
Julien Matheron, Banque de France
Jean-Guillaume Sahuc, Banque de France
Thepthida Sopraseuth, Université de Cergy Pontoise, Théma
08:30-09:00, Registration

09:00-09:15, Welcome address - Room 1
Julien Matheron (Banque de France) and Thepthida Sopraseuth (University of Cergy, Thema, IUF)

09:15-10:45, PARALLEL SESSIONS 1

Parallel Session 1A: Informational Frictions - Room 1 - Chairperson: Josef Hollmayr

Sang Seok Lee (Bilkent U.), Information Value of the Interest Rate and the Zero Lower Bound Discussant: Eric Mengus

Mengus Eric (HEC Paris), with Jean Barthélémy (Banque de France), The signaling effect of raising inflation Discussant: Josef Hollmayr

Josef Hollmayr (Deutsche Bundesbank), with Michael Kuhl (Deutsche Bundesbank), Learning about Banks’ Net Worth and the Slow Recovery after the Crisis. Discussant: Sang Seok Lee

Parallel Session 1B: Monetary Policy I – Room 4 - Chairperson: Taisuke Nakata

Ragot Xavier (PSE and OFCE), Money and capital accumulation over the business cycle. Discussant: Taisuke Nakata

Anton Nakov (ECB and CEPR), with Luca Dedola (ECB and CEPR), State-Dependent Pricing and the Paradox of Flexibility. Discussant: Xavier Ragot

Taisuke Nakata (Federal Reserve Board), with Timothy Hills (NYU) and Sebastian Schmidt (ECB), The Risky Steady State and the Interest-Rate Lower Bound Discussant: Anton Nakov

Parallel Session 1C: Financial Frictions I – Room 5 - Chairperson: Patrick Pintus

Adam Gulan (Bank of Finland), with Roberto Chang (Rutgers and NBER) and Andres Fernandez (Inter-American Development Bank) Bond Finance, Bank Credit, and Aggregate Fluctuations in an Open Economy. Discussant: Leonor Modesto

Leonor Modesto (UCP, Católica Lisbon School of Business and Economics, and IZA), with Francesco Carli (UCP, Católica Lisbon School of Business and Economics), Endogenous Credit and Investment Cycles with Asset Price Volatility. Discussant: Patrick Pintus

Patrick Pintus (Banque de France), with Yi Wen (Fed. St Louis, Tsinghua U.) and Xiaochuan Xing (Tsinghua U.), Interest Rate Dynamics, Variable-Rate Loan Contracts, and the Business Cycle. Discussant: Adam Gulan

10:45-11:15, Coffee break
**11:15-12:45, PARALLEL SESSIONS 2**

**Parallel Session 2A: Reassessing Business Cycle Facts I** - Room 1 - Chairperson: Fabien Tripier

Sarah Mouabbi (Banque de France), with Andrea Carriero (Queen Mary, London) and Elisabetta Vangelista (UK debt Management office), [UK term structure decompositions at the zero lower bound](#). Discussant: Clara Wolf

Clara Wolf (Sciences Po), with Eric Monnet (Banque de France), [Demographic Cycle, Migration and Housing Investment: a Causal Examination](#). Discussant: Thomas Grjebine

Thomas Grjebine (Cepii), with Fabien Tripier (U. Lille 1, Clerse and cepii), [Excess Finance and Growth: Don’t Lose Sight of Expansions](#) Discussant: Sarah Mouabbi

**Parallel Session 2B: Sovereign Debt I** – Room 4 - Chairperson: Aurélien Eyquem

Gaetano Gaballo (Banque de France), with Ariel Zetlin-Jones (Carnegie Mellon), [Bailouts, Moral Hazard, and Banks’ Home Bias for Sovereign Debt](#). Discussant: Francesco Molteni

Francesco Molteni (Cepii), [Liquidity, Government Bonds and Sovereign Debt Crises](#). Discussant : Xiaofei Ma

Xiaofei Ma (Crest-Ensai, GATE), with Stéphane Auray (Crest-Ensai, ULSO), Eyquem Aurélien (Crest-Ensai, GATE), [Banks, Sovereign Risk and Unconventional Monetary Policies](#). Discussant : Gaetano Gaballo

**Parallel Session 2C: Fiscal Policy I: Fiscal policy at ZLB** – Room 5 – Chairperson: Hafedh Bouakez

Harri Turunen (Banque de France), [Government spending in a volatile economy at the zero lower bound](#). Discussant : Sebastian Schmidt

Sebastian Schmidt (ECB), [Lack of confidence, the zero lower bound, and the virtue of fiscal rules](#). Discussant : Hafedh Bouakez

Hafedh Bouakez (HEC Montréal), with Michel Guillard (U. Evry, EPEE) and Jordan Roulleau-Pasdeloup (DEEP, HEC Lausanne), [The Optimal Composition of a Stimulus: The Role of Public Investment](#). Discussant : Harri Turunen

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**12:45-13:45, Lunch (Catering area)**

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**14:00-16:00, PARALLEL SESSIONS 3**

**Parallel Session 3A: International Macroeconomics** – Room 4 - Chairperson: Céline Poilly

Romanos Priftis (European Commission), [Fiscal Policy Coordination Under the Zero-Lower Bound](#). Discussant : Giorgio Fabbri

Giorgio Fabbri (AMSE), with Raouf Boucekine (AMSE) and Patrick Pintus (Banque de France), [Risk sharing and growth in small-open economies](#). Discussant : Tannous Kass-Hanna

Tannous Kass-Hanna (TSE), [The International Spillovers of Noisy Fiscal Policy](#). Discussant : Céline Poilly

Céline Poilly (HEC Lausanne), with Lise Patureau (U. Dauphine, LEDa), [International Competitiveness: Product Deregulation and Internal Devaluation](#). Discussant : Romanos Priftis
Parallel Session 3B: Fiscal Policy II: Fiscal Multiplier – Room 1 - Chairperson: Martial Dupaigne


Felix Strobel (Humboldt-Universität zu Berlin), The government spending multiplier in an economy with sovereign risk and uncertainty, Discussant: Martial Dupaigne

Martial Dupaigne (TSE), with Patrick Fève (TSE), Persistent Government Spending and Fiscal Multipliers: The Investment Channel, Discussant: Marco Bernardini

Parallel Session 3C: Labor – Room 5 - Chairperson: Christian Merkl

Antoine Lepetit (PSE), with Claudia Foroni (Norges Bank) and Francesco Furlanetto (Norges Bank), Labor supply factors and economic fluctuations, Discussant: Alexandre Ounnas

Alexandre Ounnas (IRES), Downward Occupational Mobility and Unemployment, Discussant: Etienne Lale

Etienne Lale (U. of Bristol), with Juan Dolado (EUI) and Nawid Siassi (U. of Konstanz) Moving towards a Single Labour Contract: Transition vs. Steady-state, Discussant: Christian Merkl

Christian Merkl (FAU, IfW), with Britta Kohlbrecher (FAU), Business Cycle Asymmetries and the Labor Market, Discussant: Antoine Lepetit

Parallel Session 3D: Expectations and Forecasting – Room 7 – Chairperson: Philippe Andrade

Marine Charlotte André (BETA), with Meixing Dai (BETA), Learning, robust monetary policy and the merit of precaution, Discussant: Marco Maria Sorge

Marco Maria Sorge (U. Gottingen), with Luca Fanelli (U. Bologna), Indeterminacy, misspecification and forecastability: Good luck in bad policy?, Discussant: Andreas Tryphonides

Andreas Tryphonides (EUI), Improving Inference for Dynamic Economies with Frictions - The role of Qualitative Survey data, Discussant: Philippe Andrade

Philippe Andrade (ECB), with Eric Ghysels (U. North Carolina) and Julien Idier (Banque de France), Tails of inflation forecasts and tales of monetary policy, Discussant: Marine Charlotte André

16:00 - 16:30, Coffee break

16:30-18:00, INVITED SESSION - Room 1
Chairperson: Hervé le Bihan (Banque de France)

Olivier Coibion (UT Austin and NBER)

“How Do Firms Form their Expectations? New Survey Evidence”

Discussant: Erwan Gautier (Université de Nantes, Banque de France)
09:00-10:30, PARALLEL SESSIONS 4

Parallel Session 4A : Macroprudential Policy – Room 5 – Chairperson: Pablo Garcia

Davide Romelli (ESSEC), Central Bankers as Supervisors: Do Crises Matter? Discussant : Mario Pietrunti

Mario Pietrunti (Banca d’Italia), Macroprudential policies and the real economy. Discussant : Pablo Garcia


Parallel Session 4B : Reassessing Business Cycle Facts II – Room 4 – Chairperson: Guillaume Horny

Stéphane Lhuissier (Cepii), The Regime-switching Volatility of Euro Area Business Cycles. Discussant : Christian Grimme

Christian Grimme (Ifo of U. of Munich), Uncertainty Shocks and Credit Spreads in Bank-Based and Market-Based Financial Systems. Discussant : Guillaume Horny

Guillaume Horny (Banque de France), with Simone Manganelli (ECB) and Benoît Mojon (Banque de France), Measuring Financial Fragmentation in the Euro Area Corporate Bond Market Discussant : Stéphane Lhuissier

Parallel Session 4C : Financial Frictions II – Room 1 – Chairperson: Adrian Penalver

Davide Melcangi (University College London), Firms' precautionary savings and employment during a credit crisis. Discussant : Justine Pedrono

Justine Pedrono (AMSE), with Aurélien Violon (Banque de France), Banks' leverage: does US dollar diversification really matter? Discussant : Adrian Penalver

Adrian Penalver (Banque de France), Banks and the rational credit cycle Discussant : Davide Melcangi

Parallel Session 4D : Price Dynamics – Room 6 - Chairperson: Michel Normandin

Jasmien De Winne (Ghent University), with Gert Peersman (Ghent University) The Real Effects of Disruptions in Global Food Commodity Markets: Evidence for the United States. Discussant : Matteo Mogliani

Matteo Mogliani (Banque de France), with Giovanni Urga (Cass Business School, UK), On the Instability of Long-run Money Demand and the Welfare Cost of Inflation in the U.S. Discussant : Michel Normandin

Michel Normandin (HEC Montréal), with Alexandre Jeanneret (HEC Montreal), Impact of Commodity Prices on High-yield Currencies: the Role of Financial Conditions Discussant : Jasmien De Winne

10:30-11:00, Coffee break
11:00-12:30, PARALLEL SESSIONS 5

Parallel Session 5A: Sovereign Debt II – Room 4 – Chairperson: Dmitry Matveev

Christoph Grosse Steffen (DIW), Uncertainty Shocks and Non-Fundamental Debt Crises: An Ambiguity Approach. Discussant: Juan Equiza-Goñi

Juan Equiza-Goñi (U. of Navarra), with Elisa Faraglia (U. Cambridge) and Rigas Oiknomou (UCL, Ires-Core), Union Debt Management. Discussant: Dmitry Matveev

Dmitry Matveev (U. of Mannheim), Debt Maturity, Monetary Policy and Fiscal Sustainability without Commitment. Discussant: Christoph Grosse Steffen

Parallel Session 5B: Economic Policy under Incomplete Markets– Room 5 – Chairperson: Julien Matheron

Karine Constant (AMSE), Environmental Policy and Inequality: A Matter of Life and Death. Discussant: Sumudu Kankanamge

Sumudu Kankanamge (TSE), with Thomas Weitzenblum (Gain-Tepp, U. of Maine, Cepremap), Time-consistent unemployment insurance. Discussant: Julien Matheron

Julien Matheron (Banque de France), with Edouard Challe (Polytechnique), Xavier Ragot (PSE, OFCE) and Juan Rubio-Ramirez (Duke University and Atlante Fed), Precautionary saving and aggregate fluctuations. Discussant: Karine Constant

Parallel Session 5C: Fiscal policy III: Taxation– Room 6 – Chairperson: Teresa Lloyd-Braga

Serhiy Stepanchuk (EPFL Lausanne), with Hans Holter (U. of Olso) and Dirk Kruger (U. of Pennsylvania, NBER) How Do Tax Progressivity and Household Heterogeneity Affect Laffer Curves?. Discussant: Antoine Camous

Antoine Camous (U. Mannheim), Fiscal Discipline on Monetary Policy. Discussant: Teresa Lloyd-Braga

Teresa Lloyd-Braga (Catolica Lisbon School of Business and Economics), with Leonor Modesto (Catolica Lisbon School of Business and Economics and IZA), Balanced-budget fiscal policy (de)stabilizing rules. Discussant: Serhiy Stepanchuk

Parallel Session 5D: Fundamental or Non Fundamental Shocks ? – Room 1 - Chairperson: Patrick Fève

Filippo Ferroni (Banque de France), with Stefano Grassi (U. of Kent) and Miguel Leon-Ledesma (U. of Kent), Fundamental shock selection in DSGE models. Discussant: Kenza Benhima

Kenza Benhima (HEC Lausanne), with Céline Poilly (HEC Lausanne), The Identification of News and Noise on Demand and Supply. Discussant: Patrick Fève

Patrick Fève (TSE), with Paul Beaudry (U. of British Colombia, NBER), Alain Guay (UQAM) and Franck Portier (TSE), When is nonfundamentalness in VARs a real problem? An application to news shocks. Discussant: Filippo Ferroni

12:30-13:45, Lunch (Catering area)
14:00-15:30, PARALLEL SESSIONS 6

Parallel Session 6A : New Shocks, New Risks – Room 4 – Chairperson: Marlène Isoré

Ambrogio Cesa-Bianchi (Bank of England), with Emilio Fernandez-Corugedo (IMF), *Uncertainty in a model with credit frictions*. Discussant : Johannes Pfeifer

Johannes Pfeifer (U. of Mannheim), with Benjamin Born (U. of Bonn, CEPR), *Uncertainty-driven business cycles: assessing the markup channel*. Discussant : Marlène Isoré

Marlène Isoré (U. of Helsinki, Bank of Finland), with Urszula Szczerebowicz (Cepii), *Disaster Risk and Preference Shifts in a New Keynesian Model*. Discussant : Ambrogio Cesa-Bianchi

Parallel Session 6B: Frontiers in VAR model – Room 5 – Chairperson: Florian Pelgrin

Julio Carrillo (Banco de México), with Rocio Elizondo (Banco de México), *How Robust Are SVARs at Measuring Monetary Policy in Small Open Economies?* Discussant : Klodiana Istrefi

Klodiana Istrefi (Banque de France), with Balazs Vonnak (Magyar Nemzeti Bank), *Delayed Overshooting Puzzle in Structural Vector Autoregression Models* Discussant : Florian Pelgrin

Florian Pelgrin (Edhec), with Alain Guay (UQAM), *A Reliable and Testable Alternative to Long-run Restrictions in Structural VAR models* Discussant : Julio Carrillo

Parallel Session 6C : Non-linear Dynamics using New Methods – Room 6 – Chairperson: Julien Albertini

Inna Tsener (U. of the Balearic Islands), with Lilia Maliar (Stanford), Serguei Maliar (U. Santa Clara) and John Taylor (Stanford), *A tractable framework for analyzing a class of nonstationary Markov models* Discussant : Tom Holden

Tom Holden (U. of Surrey), *Existence, uniqueness and computation of solutions to DSGE models with occasionally binding constraints* Discussant : Julien Albertini

Julien Albertini (Humboldt U.), with Gonh Lan (Humboldt U.), *The importance of time-varying parameters in new Keynesian model with zero lower bound* Discussant : Inna Tsener

Parallel Session 6D: Monetary policy II: Self-fulfilling Crisis – Room 1 - Chairperson: Olivier Loisel

Magali Marx (Banque de France), with Jean Barthélémy (Banque de France), *Monetary Policy Switching and Indeterminacy* Discussant : Irfan Qureshi

Irfan Qureshi (Warwick), *Monetarism, indeterminacy and the Great Inflation* Discussant : Olivier Loisel

Olivier Loisel (CREST), *The Implementation of Stabilization Policy* Discussant : Magali Marx

15:30-16:00, Coffee