

T2M

19TH CONFERENCE

THEORIES AND METHODS IN MACROECONOMICS

Humboldt University, Berlin



March 26-27, 2015

Sponsors :



Labex MME-DII
Modèles Mathématiques et Économiques de la
Dynamique, de l'Incertainité et des Interactions

A Word from Thepthida Sopraseuth

Head of T2M Scientific Committee

Dear participants,

It is my pleasure to welcome you all to the 19th T2M conference. The program reflects the major concerns expressed in the public debate on the effectiveness of monetary and fiscal policies, sovereign risk, labor market issues and inequality in a globalized world. I hope that, in these turbulent times, our work will help shape eagerly-awaited policy guidelines.

I would like to thank **Michael Burda** for hosting the conference at the Humboldt University as well as the Labex Medii and the Deutsche Bundesbank for their financial support. The sponsorship is very much appreciated since registration fees cover only half of each participant's cost.

Julien Albertini (Humboldt) and **Stéphane Moyen** (Deutsche Bundesbank) did not spare their effort to make this conference an exciting event. The organizing team has been very effective in meeting the fundraising target, which is no mean feat. The T2M network cannot survive without the energy and enthusiasm of local organizers. I would like to express my warmest appreciation to this amazing team. I am also grateful to **Klaus Adam** for contributing to the scientific quality of the conference as well as all members of the **T2M Scientific Committee** for their work in selecting the papers. Finally, I extend my thanks to **all participants** for presenting and discussing the papers. We strive for intensive and fruitful interactions between senior and junior researchers. I congratulate all participants for their unfailing good will.

Next year's event will be hosted by the **Banque de France** in **Paris**. We will proudly celebrate the 20th anniversary of the T2M conference in March 24-25th 2016. **Julien Matheron**, **Jean-Guillaume Sahuc** and **Hervé Le Bihan** kindly accepted to organize the celebration.

After organizing 4 annual conferences in Lyon, Lausanne, Berlin then Paris, my mandate as head of the Scientific Committee of the T2M network will come to an end in 2016. As I step down, I have no doubt that new ideas will emerge to bring T2M to a next level.

Welcome to Berlin and enjoy the conference!

Thursday - March 26th, 2015

08:30-09:00 Registration (entrance)

09:00-09:15 **Welcome address** - Room 201

Julien Albertini (Humboldt University)

Stéphane Moyen (Deutsche Bundesbank)

Thepthida Sopraseuth (University of Cergy, Thema, IUF)

09:15-10:45 **PARALLEL SESSIONS 1**

Parallel Session 1A : Labor I - Room 23

Chairperson: Nikolai Staehler

- [“The Allocation of Talent: Finance versus Entrepreneurship”](#) by **Kirill Shakhnov** (European University Institute)
Discussant: Alessandra Pizzo
- [“Accounting for Labor Gaps”](#) by **Alessandra Pizzo** (CES, Banque de France), with François Langot (Gains, PSE, IZA, BdF)
Discussant: Nikolai Staehler
- [“German Labor Market and Fiscal Reforms 1999 to 2008: Can they be Blamed for Intra-Euro Area Imbalances?”](#) by **Nikolai Staehler** (Deutsche Bundesbank) with Niklas Gadatsch (Staff of German Council of Economic Experts) and Benjamin Weigert (Staff of German Council of Economic Experts)
Discussant: Kirill Shakhnov

Parallel Session 1B : Financial Frictions I - Room 220

Chairperson: Fabien Tripier

- [“Corporate Cash and Employment”](#) by **Céline Poilly** (Univ. Lausanne), with Philippe Bachetta (Univ. Lausanne, CEPR) and Kenza Benhima (Univ. Lausanne, CEPR)
Discussant: Fabien Tripier
- [“Welfare Cost of Fluctuations when Labor Market Search Interacts with Financial Frictions”](#) by **Eleni Iliopoulos** (PSE, Univ. Paris 1), with François Langot (Gains, PSE, IZA, BdF) & Thepthida Sopraseuth (Univ. Cergy, Thema)
Discussant: Céline Poilly
- [“Corporate Debt Structure and Economic Recoveries”](#) by **Fabien Tripier** (Univ. Lille 1 - CLERSE & CEPII), with Thomas Grjebine (CEPII) and Urszula Szczerbowicz (CEPII)
Discussant: Eleni Iliopoulos

Parallel Session 1C: Fiscal Policy I - Room 21A

Chairperson: Mathieu Lemoine

- [“Tales of Transition Paths: Policy Uncertainty and Monetary-Fiscal Interaction”](#) by **Josef Hollmayr** (Deutsche Bundesbank) with Christian Matthes (Federal Reserve Bank of Richmond)
Discussant: Mario Pietrunti

- [“Noisy Fiscal Policy”](#) by **Mario Pietrunti** (TSE and Banca d’Italia) with Patrick Fève (TSE, Univ. Toulouse, GREMAQ)
Discussant: Mathieu Lemoine
- [“Fiscal consolidation under imperfect credibility”](#) by **Matthieu Lemoine** (Banque de France) with Jesper Lindé (Sveriges Riksbank, CEPR)
Discussant: Josef Hollmayr

Parallel Session 1D: Sovereign Debt - Room 21B

Chairperson: Carlos Thomas

- [“Domestic and External Sovereign Debt”](#) by **Spyridon Sichlimiris** (Stockholm School of Economics) with Paola Di Casola (Stockholm School of Economics)
Discussant: Carlos Thomas
- [“Monetary Policy and Debt Fragility”](#) by **Antoine Camous** (European University Institute) with Russell Cooper (Pennsylvania State University)
Discussant: Spyridon Sichlimiris
- [“Monetary Policy and Sovereign Debt Vulnerability”](#) by **Carlos Thomas** (Banco de España) with Galo Nuño (Banco de España)
Discussant: Antoine Camous

10:45 -11:15 Coffee break (entrance)

11:15-12:45 PARALLEL SESSIONS 2

Parallel Session 2A: Labor II - Room 220

Chairperson: Eva Moreno-Galbis

- [“On the speed and cost of adjusting to immigration: Theory and evidence for post-war Germany”](#) by **Henning Weber** (Deutsche Bundesbank) with Sebastian Braun (Kiel Institute for the World Economy)
Discussant: Eva Moreno-Galbis
- [“Labor Market Frictions and the Relative Wage”](#) by **Romain Restout** (Univ. Lorraine, BETA, IRES) with Luisito Bertinelli (University of Luxembourg CREA) & Olivier Cardi (University de Tour LEO, CRED)
Discussant: Henning Weber
- [“The Spanish Productivity Puzzle in the Great Recession”](#) by **Eva Moreno-Galbis** (GRANEM, CREST, GAINS-TEPP, IRES) with Laura Hospido (Banco de Espana, IZA)
Discussant: Romain Restout

Parallel Session 2B : Sovereign Risk - Room 21A

Chairperson: Jan Mellert

- [“Sovereign Default, Inequality, and Progressive Taxation”](#) by **Axelle Ferriere** (New York University)
Discussant: Jan Mellert
- [“Sovereign Risk and the Fiscal Limit: Excusable vs. Strategic Default”](#) by **Anna Sokolova** (National Research University HSE, Moscow)
Discussant: Axelle Ferriere
- [“Sovereign and Private Default Risks over the Business Cycle”](#) by **Jan Mellert** (University of Konstanz), with Leo Kaas (University of Konstanz) & Almuth Scholl (University of Konstanz)
Discussant: Anna Sokolova

Parallel Session 2C: Financial Frictions II - Room 21B

Chairperson: Julien Matheron

- [“Risk shocks and divergence between the Euro area and the US”](#) by **Thomas Brand** (Cepremap) with Fabien Tripier (Univ. Lille 1, CLERSE, CEPII)
Discussant: Michael Kühl
- [“Imperfect information about financial frictions and consequences for the business cycle”](#) by **Michael Kühl** (Deutsche Bundesbank) with Josef Hollmayr (Deutsche Bundesbank)
Discussant: Julien Matheron
- [“Assessing the Macroeconomic Effects of LTROs”](#) by **Julien Matheron** (Banque de France) with Christophe Cahn (Banque de France) & Jean-Guillaume Sahuc (Banque de France)
Discussant: Thomas Brand

Parallel Session 2D: Fiscal policy II - Room 23

Chairperson: Thepthida Sopraseuth

- [“Does austerity pay off?”](#) by **Johannes Pfeifer** (Univ. Mannheim) with Benjamin Born (Univ. Mannheim, CESifo) & Gernot J. Muller (Univ. Bonn, CEPR)
Discussant: Rana Sajedi
- [“Structural Reform or Fiscal Consolidation: Is There a Trade-off?”](#) by **Rana Sajedi** (European University Institute)
Discussant: Jin Cheng
- [“Banking Crisis, Moral Hazard and Fiscal Policy Responses”](#) by **Jin Cheng** (Univ. Auvergne, CERDI) with Meixing Dai (Univ. Strasbourg, BETA) & Frédéric Dufourt (AMSE, EHESS, IUF)
Discussant: Johannes Pfeifer

12:45-14:00 Lunch (Room 22)

14:00-15:30 INVITED SESSION - Chapel

Chairperson: Julien Albertini (Humboldt University)

KLAUS ADAM (University of Mannheim and CEPR)

[“Boom and Bust in Asset Prices”](#)

Discussant: Ivan Jaccard (European Central Bank)

15:30 - 16:00 Coffee break (entrance)

16:00-18:00 PARALLEL SESSIONS 3 - Room 220

Parallel Session 3A : Financial Macroeconomics

Chairperson: Josef Schroth

- [“A Dynamic Quantitative Macroeconomic Model of Bank Runs”](#) by **Ettore Panetti** (Banco de Portugal) with Elena Mattana (Univ. Catholique de Louvain-CORE),
Discussant: Josef Schroth
- [“Financial Shocks, Loan Loss Provisions and Macroeconomic Stability”](#) by **Roy Zilberman** (Lancaster University Management School) and William J. Tayler (Lancaster University Management School)
Discussant: Victoria Nuguer
- [“Mortgage Default in an Estimated Model of the U.S. Housing Market”](#) by **Victoria Nuguer** (Banco de Mexico) with Luisa Lambertini (EPFL) & Pinar Uysal (Richmond Fed)
Discussant: Ettore Panetti
- [“Optimal Capital Regulation”](#) by **Josef Schroth** (Bank of Canada) with Stéphane Moyen (Deutsche Bundesbank)
Discussant: Roy Zilberman

Parallel Session 3B : Labor III - Room 23

Chairperson: Pierrick Clerc

- [“Discount factor shocks and labor market dynamics”](#) by **Arthur Poirier** (EPEE, Univ. Evry) with Julien Albertini (Humboldt Univ.)
Discussant: TBA
- [“Wage Rigidity and Labor Market Dynamics with Sorting”](#) by **Bastian Schulz** (Univ. Munich)
Discussant: Pierrick Clerc
- [“Credible Wage Bargaining and the Joint Dynamics of Unemployment and Inflation”](#) by **Pierrick Clerc** (Banque de France)
Discussant: Arthur Poirier

Parallel Session 3C : Monetary Economics - Room 21A

Chairperson: Maarten Dossche

- [“Firm Turnover and Inflation Dynamics”](#) by **Lenno Uusküla** (Bank of Estonia)
Discussant: no discutant
- [“Regulatory reforms and central bank independence”](#) by **Davide Romelli** (Thema, ESSEC)
Discussant: Martin Dossche
- [“Effectiveness and Transmission of the ECB’s Balance Sheet Policies”](#) by **Maarten Dossche** (National Bank of Belgium), with Jef Boeckx (National Bank of Belgium), & Gert Peersman (Ghent University)
Discussant: Davide Romelli

Parallel Session 3D : Capital Flows - Room 21B

Chairperson: Michel Normandin

- ["Target Balances and macroeconomic adjustment to sudden stops in Euro Area"](#) by **Paul Mc Nelis** (Fordham Univ., New York) with Gabriel Fagan (Trinity College, ECB)
Discussant: Michel Normandin
- ["Capital flows, intermediation frictions and the adjustment to common shocks"](#) by **Ivan Jaccard** (ECB) with Frank Smets (ECB)
Discussant: Grzegorz Dlugoszek (Humboldt University)
- ["Capital flows and economic liberalization: the Chinese case"](#) by **Damien Cubizol** (Univ. Lyon, GATE)
Discussant: Paul Mc Nelis
- ["The Price of Imported Capital and Consumption Fluctuations in Emerging Economies"](#) by **Michel Normandin** (HEC Montréal, CIRPEE) with Martin Boileau (Univ. Colorado, CIRPEE)
Discussant: Damien Cubizol

Conference Dinner

8pm



Schiffbauerdamm 6-7, 10117 Berlin (see separate leaflet on conference diner)



Friday – March 27th, 2015

09:00-10:30 PARALLEL SESSIONS 4

Parallel Session 4A : Labor market policies I - Room 23

Chairperson: Thomas Coudert

- [“Lay-off Taxes, Unemployment Insurance, and Business Cycle Fluctuations”](#) by **Philipp L. Pfeiffer** (Technische Universität Berlin) with Steffen Ahrens (Technische Universität Berlin, Kiel Institute for the World Economy) & Nooshin Nejati (Technische Universität Berlin)
Discussant: Thomas Coudert
- [“Can Welfare abuse be welfare improving?”](#) by **Karol Mazur** (European University Institute)
Discussant: Philipp L. Pfeiffer
- [“Inflation persistence and bargained firing costs”](#) by **Thomas Coudert** (BETA, Univ. Strasbourg)
Discussant: Karol Mazur

Parallel Session 4B : Fiscal Policy in a Monetary Union - Room 220

Chairperson: Aurélien Eyquem

- [“Spillover effects in a Monetary Union: Why the fiscal policy instrument matters?”](#) by **Thierry Betti** (BETA, Univ. Strasbourg) with Amélie Barbier-Gauchard (BETA, Univ. Strasbourg) & Giuseppe Diana (European Court of Auditors, Large)
Discussant: Aurélien Eyquem
- [“Fiscal policy coordination in currency unions \(at the zero lower bound\)”](#) by **Thomas Hettig** (Univ. Bonn, Max Planck Institute) with Gernot Müller (Univ. Bonn, CEPR)
Discussant: Thierry Betti
- [“Fiscal Devaluations in a Monetary Union and the Extensive Margin of Trade”](#) by **Aurélien Eyquem** (CREST-ENSAI, Univ. Lyon 2, GATE) with Stéphane Auray (CREST-ENSAI, ULCO, CIRPEE) & Xiaofei Ma (CREST-ENSAI, Univ. Lyon 2, GATE)
Discussant: Thomas Hettig

Parallel Session 4C : Coordination and Commitment - Room 21A

Chairperson: Hubert Kempf

- [“Playing the game the others want to play: Keynes’ beauty contest revisited”](#) by **Rodolphe Dos Santos** (Univ. Strasbourg, BETA) with Camille Cornand (GATE)
Discussant: Hubert Kempf
- [“Stability and the Identification of Optimal Control Policy Rules”](#) by **Jean-Bernard Chatelain** (PSE, Univ. Paris 1, CES) with Kirsten Ralf (ESCE International Business School)
Discussant: Rodolphe Dos Santos
- [“Federalism or Cooperation”](#) by **Hubert Kempf** (PSE, ENS Cachan)
Discussant: Jean-Bernard Chatelain

Parallel Session 4D : Financial Frictions III - Room 21B

Chairperson: Jean-François Rouillard

- “ [Fiscal Policy Under Labor Market and Financial Frictions](#) ” by **Romanos Priftis** (European University Institute)
Discussant: Simon Ray
- “[Land Collateral and Labor Market Dynamics in France](#)” by **Simon Ray** (AMSe, EHESS, BdF) with Patrick Pintus (AMSE, EHESS) & Leo Kaas (Univ. Konstanz.)
Discussant: Jean-François Rouillard
- “ [Aggregate fluctuations, land dynamics and financial frictions](#) ” by **Jean-François Rouillard** (Univ. Sherbrooke)

Discussant: Romanos Priftis

10:30-11:00 Coffee break (entrance)

11:00-13:00 PARALLEL SESSIONS 5

Parallel Session 5A: Monetary Policy - Room 21A

Chairperson: Jean-Stéphane Mesonnier

- “[Interest Rate Rules under Financial Dominance](#)” by **Vivien Lewis** (Deutsche Bundesbank, KU Leuven), with Markus Roth (Deutsche Bundesbank)
Discussant: Gaetano Gaballo
- “[Monetary Policy and Defaults in the US](#)” by **Michele Piffer** (DIW Berlin)
Discussant: Jean-Stéphane Mesonnier
- “[Heterogeneous Beliefs and Forward Guidance](#)”, by **Gaetano Gaballo** (Banque de France), with Philippe Andrade (Banque de France, CREM), Eric Mengus (Banque de France) & Benoît Mojon (Banque de France)
Discussant: Michele Piffer
- “[Can unlimited liquidity provision help to avoid a credit crunch? Evidence from the Eurosystem’s LTROs](#)” by **Jean-Stéphane Mesonnier** (Banque de France), with Philippe Andrade (Banque de France, CREM), Christophe Cahn (Banque de France) & Henri Fraisse (Autorité de Contrôle Prudentiel et Résolution)
Discussant: Vivien Lewis

Parallel Session 5B: Labor market policies II – Room 23

Chairperson: Michael Burda

- “[Universal Basic Income versus Unemployment Insurance](#)” by **Alice Fabre** (AMSE, EHESS), with Stéphane Pallage (UQAM, CIRPEE) & Christian Zimmermann (Federal Reserve Bank of St-Louis, IZA, RCEA, CESifo)
Discussant: Petra Marotzke
- “Aggregate Employment, Job Polarization and Inequalities: A Transatlantic Perspective” by **Jean-Olivier Hairault** (PSE, Univ. Paris 1, CES), with Julien Albertini (Humboldt Univ.), François Langot (Gains, PSE, BdF) & Thepthida Sopraseuth (Cergy Univ., Thema, IUF)
Discussant: Michael Burda
- “[Human Capital Investments and Worker Mobility over the Life Cycle](#)”, by **Petra Marotzke** (Deutsche Bundesbank)
Discussant: Jean-Olivier Hairault
- “[Not working at Work: Loafing, Unemployment and Labor Productivity](#)” by **Michael Burda** (Humboldt Univ.)
Discussant: Alice Fabre

Parallel Session 5C: Business cycles: Boom-Bust and Great Recession – Room 220

Chairperson: Kenza Benhima

- [“Kiss Me Deadly: From Finnish Great Depression to Great Recession”](#) by **Adam Gulan** (Bank of Finland), with Markus Haavio (Bank of Finland) & Juha Kilponen (Bank of Finland)
Discussant: Klodiana Istrefi
- [“Economic Policy Uncertainty and Inflation Expectations”](#) by **Klodiana Istrefi** (Banque de France), with Anamaria PiloIU (Deutsche Bank Research)
Discussant: Kenza Benhima
- [“Booms and Busts with dispersed information”](#), by **Kenza Benhima** (Univ. Lausanne)
Discussant: Adam Gulan

Parallel Session 5D: Globalization and Economic Integration – Room 21B

Chairperson: Patrick Pintus

- [“Short-and Long-Term Growth Effects of Integration in Two-Sector Economies with Non-tradable Goods”](#), by **Marion Davin** (AMSE, EHESS), with Karine Gente (AMSE, EHESS) & Carine Nourry (AMSE, EHESS, IUF)
Discussant: Sophie Guilloux-Nefussi
- [“Globalization, Market Structure and the Flattening of the Phillips Curve”](#) by **Sophie Guilloux-Nefussi** (Georgetown University, Banque de France)
Discussant: Patrick Pintus
- [“How Does Global Diversification Affect Mean Growth and Growth Volatility?”](#) by **Patrick Pintus** (AMSE, EHESS), with Raouf Boucekkine (AMSE, EHESS) & Giorgio Fabbri (EPEE, Univ. Evry)
Discussant: No discutant

13:00-14:00 Lunch (Room 22)

14:00-15:30 PARALLEL SESSIONS 6

Parallel Session 6A : Inequality – Room 21A

Chairperson: Bernardino Adão

- [“The Inequality Accelerator”](#) by **Eric Mengus** (HEC Paris) with Roberto Pancrazi (University of Warwick)
Discussant: Lian Allub
- [“Financial Frictions, Occupational Choice and Economic Inequality”](#) by **Lian Allub** (Univ. Carlos III de Madrid), with Andres Erosaz (Univ. Carlos III de Madrid)
Discussant: Bernardino Adão
- [“Inequality and Policy Changes: The Case of a Decline in Inflation”](#) by **Bernardino Adão** (Banco de Portugal) with Isabel Correia (Banco de Portugal, Univ. Católica Portuguesa, CEPR)
Discussant: Eric Mengus

Parallel Session 6B : Liquidity Traps – Room 21B

Chairperson: Sebastian Schmidt

- [“Time-Consistent Management of a Liquidity Trap: Monetary and Fiscal policy with Debt”](#) by **Dmitry Matveev** (Universitat Autònoma de Barcelona)
Discussant: Sebastian Schmidt
- [“Hoover Policies and the Onset of the Great Depression”](#) by **Anastasia Zhutova** (CREST, PSE), with Jordan Roulleau-Pasdeloup (PSE, CES)
Discussant: Dmitry Matveev
- [“Conservatism and Liquidity Traps”](#) by **Sebastian Schmidt** (ECB), with Taisuke Nakata (Federal Reserve Board)
Discussant: Anastasia Zhutova

Parallel Session 6C : Frontiers in VAR analysis – Room 23

Chairperson: Frédéric Karamé

- [“Are there differences in the effectiveness of quantitative easing at the zero-lower-bound in Japan over time?”](#) by **Sebastian Watzka** (Univ. Munich) with Henrike Michaelis (Univ. Munich)
Discussant: Frédéric Karamé
- [“How does monetary policy propagate when financial market volatility is low?”](#) by **Esteban Prieto** (Deutsche Bundesbank) with Sandra Eickmeier (Deutsche Bundesbank) & Norbert Metiu (Deutsche Bundesbank)
Discussant: Sebastian Watzka
- [“Asymmetries and Markov-Switching Structural VAR”](#) by **Frédéric Karamé** (Gains, Cepremap)
Discussant: Esteban Prieto

Parallel Session 6D : Fiscal Policy III – Room 220

Chairperson: Stéphane Auray

- [“In search of the transmission mechanism of fiscal policy in the Euro area”](#) by **Jean-Guillaume Sahuc** (Banque de France) with Patrick Fève (TSE)
Discussant: Nicolas Abad
- [“Instability and the sectoral composition of fiscal policy”](#) by **Nicolas Abad** (AMSE, EHESS)
Discussant: Stéphane Auray
- [“War taxes trade”](#) by **Stéphane Auray** (CREST-ENSAI), with Aurélien Eyquel (CREST-ENSAI, GATE, Univ. Lyon)
Discussant: Jean-Guillaume Sahuc

15:30-16:00 Coffee (entrance)

CONFERENCE VENUE

The conference will take place at:

Wirtschaftswissenschaftliche Fakultät
Humboldt University
Spandauer Straße 1
D-10178 Berlin Mitte (see the map below)

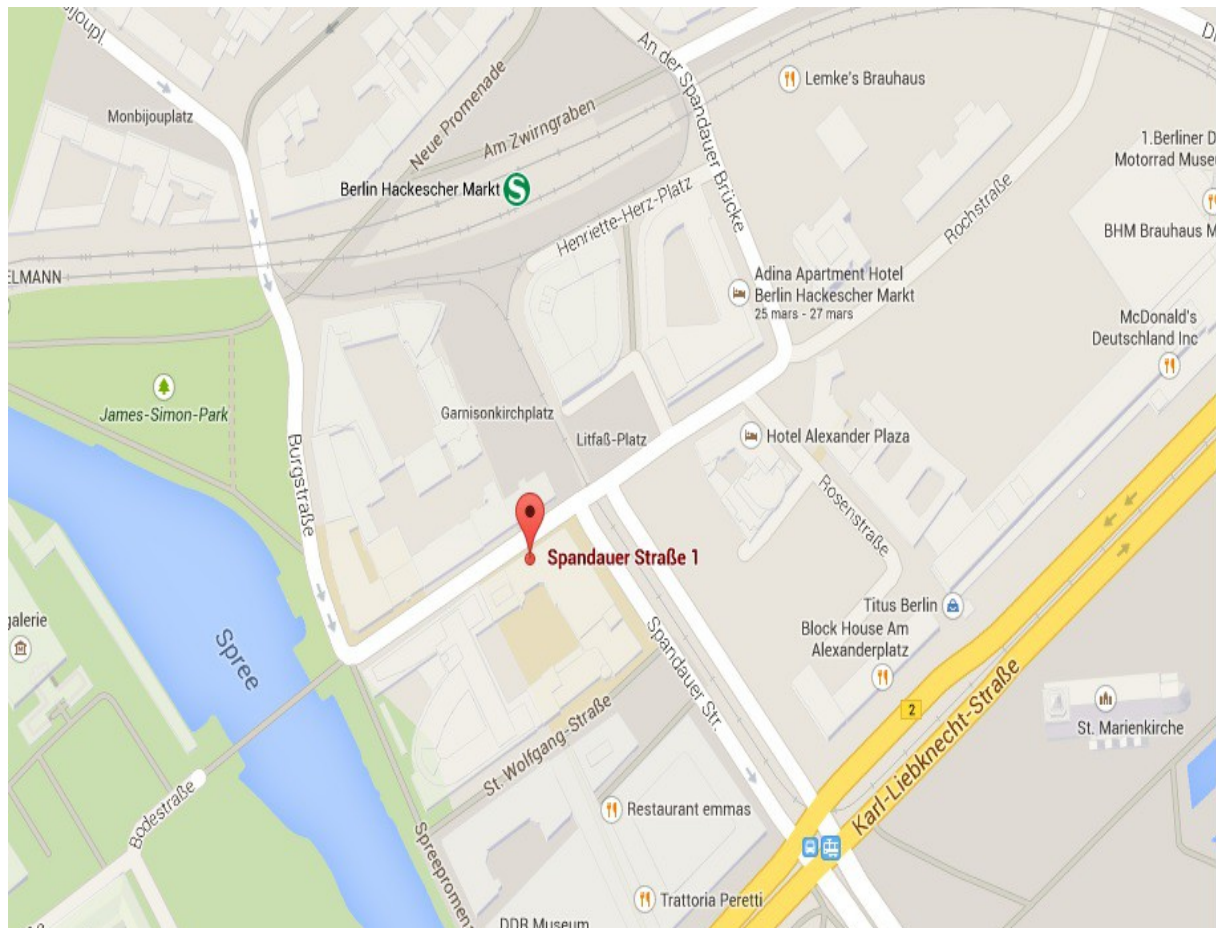
By **plane**: There are two airports: Tegel (TXL) and Schönefeld (SFX)

- From **Tegel**, take the bus TXL to Spandauer Str./Marienkirche.
- From **Schönefeld**, take the local train RB14 to Alexanderplatz. Then change to S-Bahn S5, S7, or S75 to Hackerscher Markt.

By **train**: There are two main train stations: Hauptbahnhof and Ostbahnhof

- From **Hauptbahnhof**: Take the S-Bahn S5, S7, or S75 to Hackerscher Markt.
- From **Ostbahnhof**: Take the S-Bahn S5, S7, or S75 to Hackerscher Markt.

For further information on public transportation: <http://www.bvg.de/en>.



GUIDELINE FOR SESSIONS

A presentation should be limited to 25 minutes (including questions), 5 minutes will then be allocated to a discussant. Discussions are allocated by the organizers. Please check which paper you have to discuss and the session you might chair.

In case of cancellation in a parallel session, we kindly ask the chairperson to keep the allotted time of 30 minutes per paper in order to allow the audience to switch sessions.

Should you want to post an updated version of your work, please send it to t2mconference@gmail.com