

# **1<sup>st</sup> Research Conference of the CEPR Network on Macroeconomic Modelling and Model Comparison (MMCN)**

**June 19-20, 2017**

**Goethe University Frankfurt  
Campus Westend**

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 support of the conference by the Foundation for Monetary and Financial Stability.

## Monday, June 19, 2017

8:00 – 8:50	<i>Registration and Coffee</i>	<b>Casino 1.811 Foyer</b>
8:50 – 9:00	<b><u>Welcome</u></b>	<b>Casino 1.811</b>
9:00 – 10:15	<b><u>Plenary Session: Macroeconomic Models and the Financial Sector</u></b> Chair: <b>Volker Wieland</b> (IMFS, Goethe University)  <i>Macroeconomic Models for Monetary Policy: A Critical Review from a Finance Perspective</i> <b>Winston Dou</b> (University of Pennsylvania), Andrew W. Lo, Ameya Muley, Harald Uhlig  <i>Designing Models for Macroprudential Policy Analysis</i> <b>Douglas Laxton</b> (International Monetary Fund)	<b>Casino 1.811</b>
10:15 – 10:30	<i>Coffee Break</i>	<b>Casino 1.811 Foyer</b>
10:30 – 12:15	<b><u>Parallel Session: Fiscal Policy</u></b> Chair: <b>Gernot Müller</b> (University of Tübingen)  <i>Fiscal Policy in EMU with Downward Nominal Wage Rigidity</i> <b>Werner Roeger</b> (European Commission), Matthias Burgert Discussant: <b>Sebastian Schmidt</b> (European Central Bank) (tbc)  <i>Debt Overhang and the Macroeconomics of Carry Trade</i> <b>Eglė Jakučionytė, Sweder van Wijnbergen</b> (University of Amsterdam) Discussant: <b>Magdalena Lalik</b> (European Central Bank) (tbc)  <i>Can an Increase in Public Investment Sustainably Lift Economic Growth?</i> <b>Annabelle Mourougane</b> (OECD), David Turner Discussant: <b>Kerk Phillips</b> (Brigham Young University)	<b>Casino 1.811</b>
10:30 – 12:15	<b><u>Parallel Session: Financial Markets and Macroprudential Policy</u></b> Chair: <b>Maik Wolters</b> (University of Jena)  <i>NAWM II: An Updated Version of the ECB's Micro-Founded Model for Policy Analysis and Forecasting with a Financial Sector</i> <b>Günter Coenen</b> (European Central Bank), Peter Karadi, Sebastian Schmidt, Anders Warne Discussant: <b>Johannes Pfeifer</b> (University of Cologne)  <i>Financial Regulation and Shadow Banking: A Small-Scale DSGE Perspective</i> <b>Olivier Pierrard</b> (Banque Centrale du Luxembourg), Patrick Fève Discussant: <b>Philipp Lieberknecht</b> (IMFS, Goethe University)	<b>Casino 1.812</b>

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

Parallel sessions: 15 minutes for paper presentation, 10 minutes for discussant, and 5 minutes for general discussion.

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

*The International Dimensions of Macro-Prudential Policies*

**Giovanni Lombardo** (Bank for International Settlements), Pierre-Richard Agenor, Enisse Kharroubi, Leonardo Gambacorta, Luiz Pereira Da Silva  
Discussant: **Jorge Quintana** (Goethe University)

12:15 – 13:30	<i>Lunch</i>	<b>Casino 1.811 Foyer</b>
13:30 – 15:30	<b><u>Poster Session 1: Issues in Modelling Financial Markets and Macroprudential Policy</u></b>	<b>Casino 1.811 and 1.812</b>
	<i>Adverse Selection and Financial Crises</i> <b>Jonathan Swarbrick</b> (University of Surrey)	
	<i>Countercyclical Capital Regulation in a Small Open Economy DSGE Model</i> <b>Luca Onorante</b> (European Central Bank), Matija Lozej	
	<i>Optimal Macroprudential Rules</i> <b>Aliaksandr Zaretski</b> (Emory University)	
	<i>Financial Intermediation, Resource Allocation, and Macroeconomic Interdependence</i> <b>Galip Kemal Ozhan</b> (University of St. Andrews)	
	<i>House Prices and Macroprudential Policy in an Estimated DSGE Model of New Zealand</i> <b>Petar Mihaylovski</b> (University of Hamburg)	
	<i>Cascades Along the Business Cycle</i> <b>Massimo Ferrari</b> (Catholic University of Milan)	
	<i>Concerted Efforts? Monetary Policy and Macro-Prudential Tools</i> <b>Richard Harrison</b> (Bank of England)	
	<i>Bank Capital in the Short and in the Long Run</i> <b>Kalin Nikolov</b> (European Central Bank), Caterina Mendicino	
	<i>Solving DSGE Portfolio Choice Models with Asymmetric Countries</i> <b>Grzegorz Dlugoszek</b> (Humboldt University Berlin)	
	<i>Financial Variables in a Policy Rule: Does It Bring Macroeconomic Benefits?</i> <b>Jan Žáček</b> (Charles University)	
	<i>Macroeconomic Model Database</i> <b>Alina Tänzler, Lazar Milivojevic</b> (IMFS, Goethe University)	
15:30 – 15:45	<i>Coffee Break</i>	<b>Casino 1.811 Foyer</b>

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

Parallel sessions: 15 minutes for paper presentation, 10 minutes for discussant, and 5 minutes for general discussion.

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

15:45 – 17:00

**Plenary Session: Natural Rate of Interest**

**Casino 1.811**

Chair: **Michael Binder** (IMFS, Goethe University)

*Safety, Liquidity, and the Natural Rate of Interest*

**Marco Del Negro** (Federal Reserve Bank of New York)

*R-Star: The long-run equilibrium rate has not declined by much*

**Maik Wolters** (University of Jena)

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

Parallel sessions: 15 minutes for paper presentation, 10 minutes for discussion, and 5 minutes for general discussion.

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

## Tuesday, June 20, 2017

8:00 – 8:30	<i>Coffee</i>	<b>Casino 1.811 Foyer</b>
8:30 – 9:45	<b><u>Plenary Session: Monetary Policy, Zero Bound and International Spillovers</u></b> Chair: <b>Volker Wieland</b> (IMFS, Goethe University)  <i>Monetary Policy in a Low Interest World</i> <b>John Roberts</b> (Federal Reserve Board)  <i>The ECB's Approach to Unconventional Monetary Policies</i> <b>Roberto Motto</b> (European Central Bank), <b>Massimo Rostagno</b> (European Central Bank)	<b>Casino 1.811</b>
9:45 – 10:00	<i>Coffee Break</i>	<b>Casino 1.811 Foyer</b>
10:00 – 11:30	<b><u>Parallel Session: Cross- and Multi-Country Models</u></b> Chair: <b>Sebastian Schmidt</b> (European Central Bank) (tbc)  <i>Natural Rates Across the Atlantic</i> <b>Stefano Neri</b> (Banca d'Italia), Andrea Gerali Discussant: <b>Kai Christoffel</b> (European Central Bank)  <i>Financial Heterogeneity and Central Bank Non-Standard Measures in a Monetary Union</i> <b>Niki Papadopoulou</b> (Central Bank of Cyprus), Matthieu Darracq Paries Discussant: <b>Galip Kemal Ozhan</b> (University of St. Andrews)  <i>Uncertainty Shocks in Currency Unions</i> <b>Gernot Müller</b> (University of Tübingen)	<b>Casino 1.811</b>
10:00 – 11:30	<b><u>Parallel Session: Unconventional Monetary Policy</u></b> Chair: <b>Thorsten Drautzburg</b> (Federal Reserve Bank of Philadelphia)  <i>The Macroeconomic Effects of Quantitative Easing in the Euro Area: Evidence from an Estimated DSGE Model</i> <b>Romanos Priftis</b> (European Commission), Lukas Vogel, Stefan Hohberger Discussant: <b>Richard Harrison</b> (Bank of England)  <i>Evaluating the Macroeconomic Effects of the ECB's Unconventional Monetary Policies</i> <b>Sarah Mouabbi</b> (Banque de France), Jean-Guillaume Sahuc Discussant: <b>Jonathan Benchimol</b> (Bank of Israel)  <i>Quantitative Easing in the Fiscal Theory</i> <b>Howard Kung</b> (London Business School), Alexandre Corhay, Gonzalo Morales Discussant: <b>Luca Onorante</b> (European Central Bank)	<b>Casino Festsaal</b>

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

Parallel sessions: 15 minutes for paper presentation, 10 minutes for discussant, and 5 minutes for general discussion.

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

11:30 – 13:15	<p><b><u>Poster Session 2: Issues in Monetary and Fiscal Policy; Presentation of DBnomics</u></b></p> <p><i>Fiscal Policy Matters: A New DSGE Model for Slovakia</i>  <b>Zuzana Mucka</b> (Council for Budget Responsibility)</p> <p><i>Wage formation, unemployment and business cycle in Latvia</i>  <b>Ginters Buss</b> (Latvijas Banka)</p> <p><i>Integrating Microsimulation Models of Tax Policy into a DGE Macroeconomic Model: A Canonical Example</i>  <b>Kerk Phillips</b> (Brigham Young University)</p> <p><i>The Amplification of the New Keynesian Models and Robust Optimal Monetary Policy</i>  <b>Gülserim Özcan</b> (Bilkent University)</p> <p><i>The Missing Link: Labor Share and Monetary Policy</i>  <b>Cristiano Cantore</b> (University of Surrey)</p> <p><i>The Effects of Fiscal Policy in an Estimated DSGE Model - The Case of the German Stimulus Packages During the Great Recession</i>  <b>Andrej Drygalla</b> (Halle Institute for Economic Research)</p> <p><i>Are Nonlinear Methods Necessary at the Zero Lower Bound?</i>  <b>Nathaniel Throckmorton</b> (College of William &amp; Mary), Alexander Richter</p> <p><i>Monetary Rules, Central Bank Losses and Households' Welfare: What Objectives Should the Fed Pursue?</i>  <b>Jonathan Benchimol</b> (Bank of Israel)</p> <p><i>DBnomics, the world's economic data</i>  <b>Thomas Brand</b> (CEPREMAP), Paula Forteza</p>	<b>Casino 1.811</b>
13:00 – 14:30	<i>Lunch</i>	<b>Casino 1.811 Foyer</b>
14:30 – 16:00	<p><b><u>Parallel Session: Money, Finance and Fiscal Policy</u></b>  Chair: <b>Werner Roeger</b> (European Commission)</p> <p><i>The Macroeconomics of Central Bank Issued Digital Currencies</i>  <b>Michael Kumhof</b> (Bank of England)  Discussant: <b>Sören Karau</b> (Goethe University)</p> <p><i>Macroeconomic Effects of Financial Shocks: Comment</i>  <b>Johannes Pfeifer</b> (University of Cologne)</p> <p><i>Fiscal Multipliers and Financial Crises</i>  <b>Miguel Faria-e-Castro</b> (New York University)  Discussant: <b>Felix Strobel</b> (Humboldt University)</p>	<b>House of Finance 2.45</b>

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

Parallel sessions: 15 minutes for paper presentation, 10 minutes for discussant, and 5 minutes for general discussion.

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

15:00 – 16:00	<p><b><u>Parallel Session: Solution and Estimation Methods</u></b></p> <p>Chair: <b>Kai Christoffel</b> (European Central Bank)</p> <p><i>Should Central Banks Worry about Nonlinearities of their Large-Scale Macroeconomic Models?</i>  <b>Lilia Maliar</b> (Stanford University), Serguei Maliar, Vadym Lepetyuk  Discussant: <b>Nathaniel Throckmorton</b> (College of William &amp; Mary)</p> <p><i>Entropy-Based Affine Approximations of Dynamic Equilibrium Models</i>  <b>Pierlauro Lopez</b> (Banque de France), David Lopez-Salido, Francisco Vazquez-Grande  Discussant: <b>Inna Tsener</b> (University of the Balearic Islands)</p>	<b>Casino 1.801</b>
16:00 – 16:15	<i>Coffee Break</i>	<b>Casino 1.811 Foyer</b>
16:15 – 17:15	<p><b><u>Plenary Session: Business Cycles: Methods and Modelling</u></b></p> <p>Chair: <b>Michael Binder</b> (IMFS, Goethe University)</p> <p><i>ECB Global: Introducing ECB's Global Macroeconomic Model for Spillover Analysis</i>  <b>Alistair Dieppe</b> (European Central Bank), Georgios Georgiadis, Martino Ricci, Ine van Robays, Björn van Roye</p> <p><i>Political Distribution Risk and Business Cycles</i>  <b>Thorsten Drautzburg</b> (Federal Reserve Bank of Philadelphia)</p>	<b>Casino 1.801</b>

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

Parallel sessions: 15 minutes for paper presentation, 10 minutes for discussant, and 5 minutes for general discussion.

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