



European Summer Symposium in International Macroeconomics (ESSIM)

Hosted by Banco de España

Tarragona, Spain, 26/29 May 2004

Final Programme

Wednesday 26 May

09.00 – 09.30

Opening Remarks

José Luis Malo de Molina (General Director, Banco de España)

Globalization

09.30 – 10.30

Globalization and Inflation: The Real Impact of Openness on Prices

Natalie Chen (Warwick University and CEPR)

*Jean Imbs (London Business School and CEPR)

*Andrew Scott (London Business School and CEPR)

Discussant:

Fabio Canova (Universitat Pompeu Fabra and CEPR)

10.30 – 11.30

International Financial Adjustment

*Pierre-Olivier Gourinchas (University of California Berkeley and CEPR)

*Hélène Rey (Princeton University and CEPR)

Discussant:

Gian Maria Milesi-Ferretti (International Monetary Fund and CEPR)

11.30 – 12.00

Coffee

Macroeconomic Theory

12.00 – 13.00

Deep Habits

*Morten Ravn (London Business School and CEPR)

*Stephanie Schmitt-Grohé (Duke University and CEPR)

Discussant:

Martin Uribe (Duke University)

Pierpaolo Benigno (New York University and CEPR)



13.00 – 14.00

On the Indeterminacy of New Keynesian Economics

*Andreas Beyer (European Central Bank)

*Roger E A Farmer (University of California, Los Angeles and CEPR)

Discussant:

Stephanie Schmitt-Grohé (Duke University and CEPR)

14.00 – 15.30

Lunch

Parallel Sessions:

Session One: Capital Flows and Growth

16.00 – 17.00

Population Aging and International Capital Flows

David Domeij (Stockholm School of Economics)

*Martin Flodén (Stockholm School of Economics and CEPR)

17.00 – 18.00

Crises and Growth: A Re-Evaluation

*Romain Ranciere (CREI and Universitat Pompeu Fabra)

Aaron Tornell (UCLA and NBER)

Frank Westermann (University of Munich and Ceslfo)

Session Two: Inflation Persistence in the Euro Area

16.00 – 18.00

Inflation Persistence in the Euro Area

Introduction:

Ignazio Angeloni (European Central Bank)

How Frequently do Prices Change? Evidence Based on the Micro Data Underlying the Belgian CPI

*Luc Aucremanne (National Bank of Belgium)

Stylised Features of Price Setting Behaviour in Portugal: 1992-2001

Pedro Neves (Banco de Portugal)

Inflation Persistence for the EU Countries, the Euro Area and the US

Gregory Gadzinski (GREQAM, Université de la Méditerranée)

*Fabrice Orlandi (European Central Bank)

Discussion:

Michael Ehrmann (European Central Bank)

21.00

Dinner



Thursday 27 May

Labour and Macroeconomics

- 09.00 – 10.00 **The Cross-Sectional Implications of Rising Wage Inequality in the United States**
*Jonathan Heathcote (Georgetown University)
*Kjetil Storesletten (University of Oslo and CEPR)
Giovanni L Violante (New York University and CEPR)
Discussant: Alex Michaelides (London School of Economics and CEPR)
- 10.00 – 11.00 **Balanced Growth With Structural Change**
*L.Rachel Ngai (London School of Economics)
*Christopher Pissarides (London School of Economics and CEPR)
Discussant: Jaume Ventura (CREI, Universitat Pompeu Fabra and CEPR)
- 11.00 – 11.30 Coffee

Monetary Policy

- 11.30 – 12.30 **Inflation, Stabilization and Welfare: The Case of Large Distortions**
*Pierpaolo Benigno (New York University and CEPR)
*Michael Woodford (Princeton University)
Discussant: Andrew Scott (London Business School and CEPR)
- 12.30 – 13.30 **The Decline of Activist Stabilization Policy: Natural Rate Misperceptions, Learning, and Expectations**
*Athanasios Orphanides (Board of Governors of the Federal Reserve)
John Williams
Discussant: Alex Cukierman (Tel-Aviv University, CentER, Tilburg University and CEPR)
- 13.30 – 14.30 Lunch

Parallel Sessions

Session One: Innovation and Growth

- 18.00 – 19.00 **Innovations, Patent Races and Endogenous Growth**
Joseph Zeira (The Hebrew University of Jerusalem and CEPR)
- 19.00 – 20.00 **Globalization, Divergence and Stagnation**
Gino Gancia (CREI, Universitat Pompeu Fabra)



Session Two: Macroeconomic Policy

- 18.00 – 19.00 **Does Central Bank Transparency Reduce Interest Rates**
Sylvester Eijffinger (CentER Tilburg University and CEPR)
*Petra M Geraats (University of Cambridge)
- 19.00 – 20.00 **Welfare-Maximizing Interest Rate Rules, Asset Prices and Credit Frictions**
*Ester Faia (Universitat Pompeu Fabra)
*Tommaso Monacelli (IGIER, Università Bocconi and CEPR)
- 21.00 Dinner
- Panel Discussion: Shall We Worry About Recent Exchange Rate Developments?**
- Chair: Richard Portes (CEPR, London Business School, and Columbia Business School)
- Panelists: Enrique Alberola (Banco de España)
 Giancarlo Corsetti (European University Institute, Università di Roma Tre and CEPR)
 Andrew Scott (London Business School and CEPR)
 Jaume Ventura (CREI, Universitat Pompeu Fabra and CEPR)

Friday 28 May

Business Cycles

- 09.00 – 10.00 **Bankruptcy Filings and Aggregate Fluctuations in Growth Economies**
Makoto Nakajima (University of Pennsylvania)
*José-Víctor Ríos-Rull (University of Pennsylvania and CEPR)
Discussant: Roberto Perotti (IGIER, Università' Bocconi and CEPR)
- 10.00 – 11.00 **Political Budget Cycles in New Versus Established Democracies**
Adi Brender (Bank of Israel)
*Allan Drazen (University of Maryland, Tel Aviv University and CEPR)
Discussant: Raquel Fernández (London School of Economics, New York University and CEPR)
- 11.00 – 11.30 Coffee



International Risk Sharing

- 11.30 – 12.30 **The International Diversification Puzzle Is Not As Bad As You Think**
Jonathan Heathcote (Georgetown University)
*Fabrizio Perri (New York University and CEPR)
Discussant: Sebnem Kalemli-Ozcan (University of Houston)
- 12.30 – 13.30 **Medium Term Business Cycles**
*Diego Comin (New York University)
Mark Gertler (New York University)
Discussant: Fabio Canova (Universitat Pompeu Fabra and CEPR)
- 13.30 – 14.30 Lunch
- Free Afternoon/Guided Tour
- 21.00 Dinner

Saturday 29 May

Incentives

- 09.30 – 10.30 **Land Inequality and the Origin of Divergence and Overtaking in the Growth Process: Theory and Evidence**
Oded Galor (Brown University and CEPR)
*Omer Moav (Hebrew University of Jerusalem and CEPR)
Discussant: Dietrich Vollrath (Brown University)
Sergio Puentes (Banco de España)
- 10.30 – 11.30 **The Macroeconomics of Delegated Management**
* Jean-Pierre Danthine (Université de Lausanne and CEPR)
John Donaldson (Columbia University)
Discussant: Dirk Niepelt (IIES, Stockholm University)
- 11.30 – 12.00 Coffee

Exchange Rates

- 12.00 – 13.00 **Expenditure Switching vs Real Exchange Rate Stabilization: Conflicting Objectives for Exchange Rate Policy**
*Michael B Devereux (University of British Columbia and CEPR)
Charles Engel (University of Wisconsin)
Discussant: Giancarlo Corsetti (European University Institute, Università di Roma Tre and CEPR)



13.00 – 14.00

Discrete Devaluations and Multiple Equilibria in a First Generation Model of Currency Crisis

Fernando A Broner (CREI, Universitat Pompeu Fabra and University of Maryland)

Discussant:

Pierre-Olivier Gourinchas (University of California Berkeley and CEPR)

or

Hélène Rey (Princeton University and CEPR)

14.00 – 15.30

Lunch

Parallel Sessions

Session One: Commitments

18.00 – 19.00

Incomplete Fiscal Rules with Imperfect Enforcement

*Florin Ovidiu Bilbiie (European University Institute)
David Stasavage (London School of Economics)

19.00 – 20.00

The Learning Cost of Interest Rate Reversals

Martin Ellison (University of Warwick and CEPR)

Session Two: Monetary Policy

18.00 – 19.00

Monetary Policy with Lexicographic Preference Ordering

*John Driffill (Birkbeck College London and CEPR)
Zeno Rotondi (Capitalia)

19.00 – 20.00

Rule-of-Thumb Consumers and the Design of Interest Rate Rules

Jordi Galí (CREI, Universitat Pompeu Fabra and CEPR)
*J David López-Salido (Banco de España and CEPR)
Javier Vallés (Banco de España)

21.00

Dinner

* Denotes presenter

Organizers:

Jordí Galí (CREI, Universitat Pompeu Fabra and CEPR)

Lucrezia Reichlin (ECARES, Université Libre de Bruxelles and CEPR)

Javier Vallés (Banco de España)

Charles Wyplosz (Graduate Institute of International Studies, Geneva, SITE, Stockholm School of Economics and CEPR)