This PhD workshop is organized by the Macroeconomics, Growth and History Centre (MaGHiC). The workshop is designed for MaGHiC student members to receive direct feedback from faculty members in a conference setting. We invite all PhD students with an interest in the research areas of MaGHiC to attend.

**Presentations**

Presentations of 20 minutes followed by 5 to 10 minutes of discussion.


Chari, Kehoe, and McGrattan (2007) find that time varying efficiency wedges and labour wedges are important in explaining the fluctuations over a business cycle. They propose that if financial frictions are to be held as an important cause of business cycle fluctuations, such frictions must be able to generate efficiency wedges in order to explain the data. We present a model where a financial friction in the form of a collateral constraint causes an efficiency wedge by changing the optimal portfolio of capital assets used in production. The model builds on the insight of Kiyotaki and Moore (1997), as well as that of Bernanke, Gilchrist, and Gertler (1999), but there is no mechanism like the ‘financial accelerator’ in the model. Instead, a reallocation of portfolio components generates the necessary wedge.

13:35-14:05 **Jan-Philipp Dueber: “Countercyclical Risk Aversion and International Business Cycles”**

Experimental evidence suggests that agents’ risk aversion is time-varying and countercyclical. This is at odds with the conventional practice of a constant risk aversion in DSGE models. Introducing a countercyclical time-varying risk aversion into an otherwise standard international business cycle model helps to generate data moments that are consistent with empirical observations. By introducing a countercyclical risk aversion we can successfully address the Backus-Smith Puzzle and the International Comovement Puzzle.

14:15-14:45 **Myoungseun Chin: “The Role of Reference Point in the Wealth Distribution”**

In spite of innovative achievement heterogeneous models have made in recent 30 years, there are still some puzzles in understanding inequalities in this model framework: Wealth inequality is too mild to demonstrate the reality given reasonable calibrations. To address them, in addition to elaborate the model itself, lots of macroeconomists have suggested different analyses. Most of them have worked on modifying financial frictions, while some
of them have focused on the statistical characteristics. Besides, there are papers which have paid attention on the utility function, namely consumers’ behaviour. This chapter assumes that the households have loss aversion as the reference-dependent preference then investigate whether it makes any difference in the wealth distribution and precautionary saving under the idiosyncratic shocks.


Since the study of Meese and Rogoff (1983a,b), macroeconomic variables have proved to be difficult to predict exchange rate models and to beat the naïve traditional models. This study hypothesizes that complementing the portfolio balance approach, proxied by capital flows, with latent factor models will improve the predictive content of exchange rate models. This study seeks to contribute to the literature by hypothesizing a two-stage approach to modelling exchange rate. The first stage is the use of latent factor model to extract only useful and relevant information on the determinants of capital flows. In the second stage, the extracted factor loadings will be used as predictors in the predictive model of exchange rate. This is a novel approach and a valid contribution to the literature.


In this article, we use a rich firm-level data of Vietnamese manufacturing during the period 2000-2013 and apply De Loecker and Warzynski (2012) method to estimate markups of heterogeneous production units. We observe that plant markups tend to reduce over 14 years. Moreover, considering the relationship between firm markups and export, we find that markup level is higher for exporters than non-exporters. Lastly, using difference-in-difference technique, we find that trade liberalization reduces industries’ markup dispersion, a potential source of resource misallocation. Our results contribute to recent literature on the pro-competitive gains of trade.


Productivity slowdown has been present for the last decades in the US economy. This article tracks the evolution of the main labor productivity components at an industry level in order to assess relative sectoral differences. Preliminary results state that capital accumulation has been the main driver in all sectors, although the intensification of capital per worker in services has been larger than in goods-producing sectors for every type of capital asset.

16:35-17:05 Pablo Slon-Montero: "Monetary policy with labour and credit frictions"

Firms usually face frictional credit markets when they require external finance to get capital, but instead of capital the case here is to help with job creation. The contribution is to do this analysis under a New Keynesian framework, with labour market frictions and to analyse the effect of productivity and monetary policy shocks.