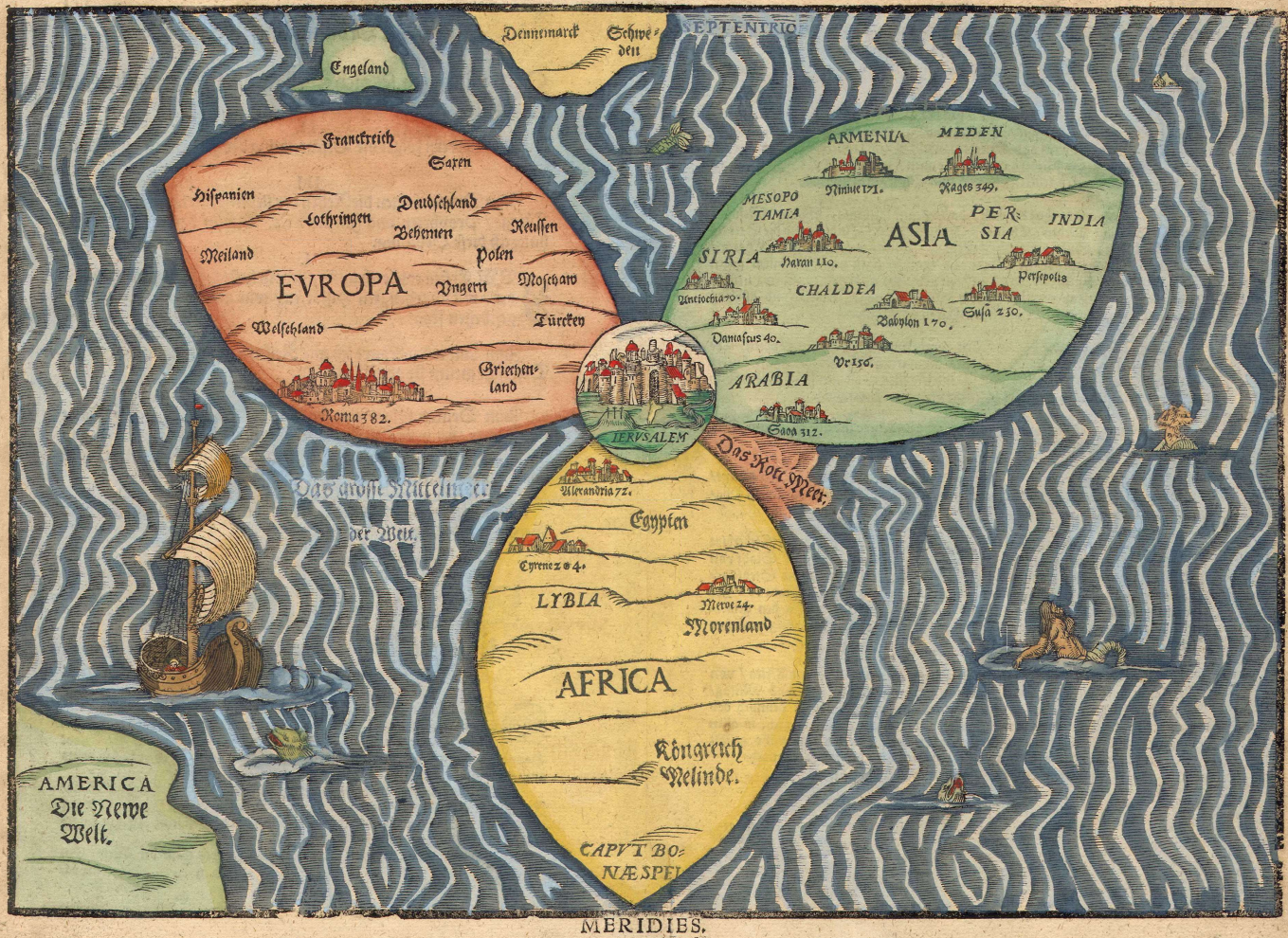


# 10<sup>th</sup> RCEA Macro-Money-Finance Conference



## 10<sup>th</sup> RCEA Macro-Money-Finance Conference “Is a Recession Coming?”

*September 13–14, 2019*  
Waterloo, Ontario, Canada

Balsillie School of International Affairs

### KEYNOTE SPEAKERS



Emmanuel Farhi  
Harvard University, NBER and CEPR



Enrique Mendoza  
University of Pennsylvania and NBER



# 10<sup>th</sup> RCEA Money-Macro-Finance Conference

Balsillie School of International Affairs  
67 Erb Street West, Waterloo, ON, Canada

**FRIDAY, 13.09.2019**

**9:00-9:30 Registration, Welcome**

**9:30-11:00, room 142      Monetary Theory and Policy**

**Chair:** Guenther Rehme (Technische Universitat Darmstadt)

Ralph Chami (International Monetary Fund), Thomas F. Cosimano (University of Notre Dame) Celine Rochon (International Monetary Fund) and Julieta Yung (Bates College)

*Discount Rates and Monetary Policy*

Jeremy M. Kronick (C.D. Howe Institute) and Wendy Wu (Wilfrid Laurier University and RCEA)

*Shadow Banking and Canada's Monetary Policy*

Guenther Rehme (Technische Universitat Darmstadt)

*On 'Rusting' Money Silvio Gesell's Schwundgeld Reconsidered*

**9:30-11:00, room 143      Country Studies**

**Chair:** Willem Spanjers (Kingston University London and RCEA)

Andrei Radulescu (Banca Transilvania and Institute for World Economy, Romanian Academy)

*Romanian Economy – Challenges at the End of Post-Crisis Cycle*

Oliver Takawira (University of Johannesburg)

*The Impact of Sovereign Credit Ratings on Financial Stability*

Temitope Lydia Leshoro (University of South Africa)

*Can Government Spending Avert Recession in South Africa?*

**11:00-11:30 Coffee**



**11:30-13:00, room 142      International Financial Flows**

**Chair:** Marta Skrzypinska (University of Bristol)

Sal AmirKhalkhali (Saint Mary's University) and Atul Dar (Saint Mary's University)

*International Capital Mobility, Financial Crisis, and Economic Growth: Some Empirical Results*

Renliang Liu (University of Guelph) and Thanasis Stengos (University of Guelph and RCEA)

*What Drives Illicit Financial Flows? An Analysis Based on Trade Misinvoicing with Nonlinearities*

Alexander Plekhanov (European Bank for Reconstruction and Development) and Marta Skrzypinska (University of Bristol)

*Cross-border Spillovers from Reducing Non-Performing Loans*

**11:30-13:00, room 143      Households and Macroeconomics**

**Chair:** Lucas van der Velde (FAME | GRAPE & Warsaw School of Economics)

Nathanael Vellekoop (University of Toronto and SAFE) and Mirko Wiederholtz (Sciences Po and CEPR)

*Inflation Expectations and Choices of Households*

Stephen Snudden (Wilfrid Laurier University)

*Leverage and Rate of Return Heterogeneity among U.S. Households*

Lucas van der Velde (FAME | GRAPE & Warsaw School of Economics), Joanna Tyrowicz (FAME | GRAPE, IAAEU, University of Warsaw, IZA and RCEA); Patrick Puhani (Hannover University and IZA) and Krzysztof Makarski (FAME | GRAPE, NBP, and Warsaw School of Economics)

*The Role of Joint Leisure in Retirement Decisions*

Discussants:      Stephen Snudden (Wilfrid Laurier University)  
                         Nathanael Vellekoop (University of Toronto and SAFE)

**13:00-14:00 Lunch**

**14:00-15:00, room 142      Plenary Lecture**

**Chair:** Angelo Melino (University of Toronto and RCEA)

**Emmanuel Farhi (Robert C. Waggoner Professor of Economics, Harvard University)**

***Macro as Explicitly Aggregated Micro***

**15:00-15:30 Coffee**

**15:30-17:00, room 142 Interactions between Real and Financial Variables**

**Chair:** Ke Pang (Wilfrid Laurier University)

Elena Afanasyeva (Board of Governors of the Federal Reserve), Seung Jung Lee (Board of Governors of the Federal Reserve), Michele Modugno (Board of Governors of the Federal Reserve) and Francisco Palomino (Board of Governors of the Federal Reserve)

*Macroeconomic Overheating and Financial Vulnerability*

Ilias Tsiakas (University of Guelph and RCEA) and Haibin Zhang (University of Guelph)

*On the Direction of Causality Between Business and Financial Cycles*

Thiago de Oliveira Souza (University of Southern Denmark)

*Red Tape Asset Pricing*

**15:30-17:00, room 143 Monetary and Macroprudential Policies**

**Chair:** Nathanael Vellekoop (University of Toronto and SAFE)

Shifu Jiang (Hong Kong Monetary Authority)

*Optimal Credit, Monetary, and Fiscal Policy Under Occasional Financial Frictions and the Zero Lower Bound*

Aeimit Lakdawala (Michigan State University) and Timothy Moreland (Michigan State University)

*Monetary Policy and Firm Heterogeneity: The Role of Leverage Since the Financial Crisis*

Luis Brandao-Marques (International Monetary Fund) and Erlend Nier (International Monetary Fund)

*Addressing Financial Shocks—Toward a Cost-Benefit Analysis*

Discussant: Carlos Yezpe (University of Manitoba)

**17:00-18:00, room 142 Plenary Lecture**

**Chair:** Jerzy (Jurek) Konieczny (Wilfrid Laurier University and RCEA)

**Enrique Mendoza (Presidential Professor of Economics, University of Pennsylvania)**

***A Fisherian Approach to Financial Crises: Lessons from the Sudden Stops Literature***

**19:00- Dinner, Solé Restaurant, 83 Erb St W., Waterloo**

# Saturday, 14.09.2019

8:30-9:00 Registration

9:00-10:30, room 142      Financial Economics

**Chair:** Wided Kout (Cergy-Pontoise University)

Ruifeng Liu (University of Guelph)

*Quantile - Based Robust Estimator of Kurtosis, with an Application on International Portfolio Allocation*

Vyacheslav Arbuzov (University of Rochester), Yu Awaya (University of Rochester), Hiroki Fukai (Chukyo University) and Makoto Watanabe (Vrije Universiteit Amsterdam)

[Endogenous Repo Cycles](#)

Wided Kout (Cergy-Pontoise University)

[On the Properties of Leveraged ETFs](#)

9:00-10:30, room 143      Fiscal Policy

**Chair:** Christos Shiamptanis (Wilfrid Laurier University)

Sebastian Laumer (University of Illinois at Urbana Champaign)

*Does the Government Spending Multiplier depend on the Business Cycle?*

Joanna Tyrowicz (FAME|GRAPE, IAAEU, University of Warsaw, IZA and RCEA)

*Progressing Towards Efficiency: The Role for Labor Tax Progression in Social Security Privatization*

Christos Shiamptanis (Wilfrid Laurier University) and Salman Hussein Hasham (Bank of Canada)

*Fiscal Fatigue: Does it Really Exist?*

10:30-11:00 Coffee

11:00-12:30, room 142      Fiscal Theory

**Chair:** Joshua Bernstein (Indiana University)

Sergii Kiiashko (Kyiv School of Economics / National Bank of Ukraine)

[Government Debt Maturity Structure, Fiscal Policy, and Default](#)

Krzysztof Makarski (FAME | GRAPE, NBP and Warsaw School of Economics), Patrick Puhani (Hannover University and IZA) and Joanna Tyrowicz (FAME | GRAPE, IAAEU, University of Warsaw, IZA and RCEA)

[Stimulating Old-Age Savings Under Incomplete Rationality](#)

Joshua Bernstein (Indiana University)

[Redistribution and the Asymmetric Transmission of Aggregate Shocks](#)

Discussant: Shifu Jiang (Hong Kong Monetary Authority)

**11:00-12:30, room 143      Interest Rates**

**Chair:** Shahed K. Khan (Western University)

Guihai Zhao (Bank of Canada)

[Learning, Equilibrium Trend, Cycle, and Spread in Bond Yields](#)

Fabio Canetg (University of Bern) and Daniel Kaufmann (University of Neuchatel)

[Shocking Interest Rate Floors](#)

Alok Johri (McMaster University), Shahed K. Khan (Western University) and Cesar Sosa-Padilla (University of Notre Dame)

[Interest Rate Uncertainty and Sovereign Default Risk](#)

**12:30-13:30 Lunch**

**13:30-15:00, room 142      Exchange Rates**

**Chair:** Aigerim Rysbayeva (Cardiff University)

Carlos Yopez (University of Manitoba) and Francis Dzikpe (University of Manitoba)

[Accounting for Real Exchange Rates in Emerging Economies](#)

Unay Tamgac (TOBB University of Economics and Technology)

*Emerging Market Exchange Rate During Quantitative Tapering: Effect of US and Domestic News*

Aigerim Rysbayeva (Cardiff University)

*Testing open economy DSGE model with imperfect pass-through using Indirect Inference*

**15:00 Conference ends**

## Plenary Speakers:

**Emmanuel Farhi** is the Robert C. Waggoner Professor of Economics at Harvard University. His research focuses on macroeconomics, finance, international economics, and public finance. His papers have been published in leading journals including the *American Economic Review*, the *Journal of Political Economy*, the *Quarterly Journal of Economics*, *Econometrica*, the *Review of Economic Studies* and the *Journal of Financial Economics*. He is a member of the Commission Economique de la Nation, a research associate at the National Bureau of Economic Research and at the Center for Economic Policy Research. He is a former member of the Conseil d'Analyse Economique to the French prime minister.

Professor Farhi was awarded the 2009 Bernac  r Prize for the best European economist under the age of 40 by the Observatory of the European Central Bank, the 2011 Mallinvaud prize by the French Economic Association, the 2013 Best Young Economist prize by Le Monde and the Cercles des Economistes, and the 2013 Banque de France and Toulouse School of Economics prize in Macroeconomics and Finance. In 2014, he was named one of the 25 best economists under 45 by the IMF.

He grew up in France where he attended the   cole Normale Sup  rieure and the Corps des Mines. He was awarded his Ph.D. by the Massachusetts Institute of Technology (MIT) in 2006.

**Enrique G. Mendoza** is Presidential Professor of Economics and Director of the Penn Institute for Economic Research at the University of Pennsylvania, where he joined in 2013. Before that, he was Neil Moskowitz Professor of Economics at the University of Maryland, and held positions at the IMF, the Board of Governors of the Federal Reserve System and Duke University. He is a 1989 PhD from the University of Western Ontario, a Research Associate of the NBER, and member of the BIS Advisory Panel and of the Latin American Shadow Financial Regulatory Committee. He has served as panel member of the NSF Economics program and in the editorial boards of several journals, including the *American Economic Review*. In 2017, he was awarded the ECB's Wim Duisenberg fellowship.

Professor Mendoza's research focuses on international capital flows, financial crises, sovereign debt and international business cycles. His main publications include: "Optimal, Time-Consistent Macroprudential Policy," with J. Bianchi, *Journal of Political Economy*, 2017, "A General Equilibrium Model of Sovereign Default and Business Cycles" with V. Yue, *Quarterly Journal of Economics*, 2012, "Sudden Stops, Financial Crises & Leverage," *American Economic Review*, 2010, "Financial Integration, Financial Development and Global Imbalances," with V. Quadrini and J. V. Rios-Rull, *Journal of Political Economy*, 2009, and "Real Business Cycles in a Small Open Economy," *American Economic Review*, 1991.

## Participants

Elena Afanasyeva (Board of Governors of the Federal Reserve)  
Sal AmirKhalkhali (Saint Mary's University)  
Thomas Barbiero (Ryerson University and RCEA)  
Joshua Bernstein (Indiana University)  
Emmanuel Farhi (Harvard University)  
Hiroki Fukai (Chukyo University)  
Shifu Jiang (Hong Kong Monetary Authority)  
Daniel Kaufmann (University of Neuchatel)  
Shahed K. Khan (Western University)  
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Andrei Radulescu (Banca Transilvania/Institute for World Economy, Romanian Academy)  
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Carlos Yopez (University of Manitoba)  
Julieta Yung (Bates College)  
Haibin Zhang (University of Guelph)  
Guihai Zhao (Bank of Canada)



## Scientific Committee and Paper Selection

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Wing Hong Chan (Wilfrid Laurier University), Edda Claus (Wilfrid Laurier University), Jerzy (Jurek) Konieczny (Wilfrid Laurier University) and Wendy Wu (Wilfrid Laurier University)

## Student Assistance

Paul Timah (Masters in International Public Policy, Wilfrid Laurier University and Camelia Touzany (Masters in International Public Policy, Wilfrid Laurier University)

## Sponsors

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## About RCEA

The Rimini Centre for Economic Analysis (RCEA) is a private, international non-profit organization dedicated to independent research in Applied Economics, Theoretical Economics and related fields. It was originally located in Rimini, Italy, where some of the founding trustees and scholars have special ties. In 2016 RCEA headquarters moved to Waterloo, Ontario, Canada, with RCEA-Italy operating in Rimini. In 2017 RCEA-Poland was established.

The fundamental goal of RCEA is to further advanced research in Economics, Econometrics and related fields and to promote contact between economists, econometricians and scientists from other fields all over the world. Through this activity the RCEA can contribute to the progress of highest quality scientific research and draw analyses and policy recommendations on the full range of economic and related issues. Research at RCEA is conducted to enlighten scientific and public debate on economic issues, and not to advance any economic, political or social agenda.

RCEA is the outcome of collaboration between economists from around the world and a group of eminent trustees from academia, banking, government and industry. There are now over 200 RCEA Fellows. RCEA fellows have experience in academia and/or government and may hold different points of view on economic, political and social issues.

RCEA organizes conferences, workshops as well as a biennial conference which has alternated every two years between Canada and Italy, sponsors a general interest journal [Review of Economic Analysis](#) (REA), now in its eleventh year, and publishes [working papers](#).

RCEA is generously supported by **Wilfrid Laurier University** and by the **Lazaridis School of Business and Economics**