Heterogeneity in Macroeconomics: Implications for Policy

Friday, November 12, 2021

PROGRAM

Each one-hour session will include a 20-minute presentation followed by a 20-minute roundtable discussion.

Session I: The Effect of Monetary and Fiscal Policy on Inequality

9:55 am  Introduction

10:00 - 11:00 am  How do recessions affect inequality? What did the COVID-19 recession teach us about the effectiveness of fiscal policy at mitigating inequality?

Presenters:
Claudia Sahm, Stay-at-Home Macro (SAHM) Consulting and Jain Family Institute  Presentation
Peter Ganong, University of Chicago  Presentation

11:00 - 11:05 am  Break

11:05 - 12:05 pm  Does running the economy hot for an extended time reduce inequality and improve outcomes disproportionally for disadvantaged groups or for low-income households? What are the effects of unconventional monetary policy (in particular QE) on inequality?

Presenters:
Gianluca Violante, Princeton University  Presentation
Stephanie Aaronson, Brookings Institution  Presentation

12:05 - 12:10 pm  Break
Remarks & Discussion: John Williams, President, Federal Reserve Bank of New York

12:40 - 1:15 pm  Lunch

Session II: The Effect of Heterogeneity and Inequality on the Transmission of Monetary and Fiscal Policy

1:15 - 2:15 pm  What has the HANK literature taught us about the transmission of monetary policy? What has the COVID-19 recession taught us about the transmission of fiscal/monetary policy? What is the impact of redistributive policy on aggregate demand and supply?

Presenters:
Greg Kaplan, University of Chicago  Presentation
Veronica Guerrieri, University of Chicago Booth  Presentation

2:15 - 2:20 pm  Break

2:20 - 3:20 pm  How should heterogeneity affect the design of optimal policy, in particular the trade-off between price stability and full employment objectives? How does it affect the definition of such objectives? How does it change the view on the effectiveness of make-up strategies and history-dependent monetary policies such as average inflation targeting, price-level targeting, etc.?

Presenters:
Adrien Auclert, Stanford University  Presentation
Michael Woodford, Columbia University  Presentation

3:20 pm  Adjourn

Organizers
Marco Del Negro, Federal Reserve Bank of New York
Keshav Dogra, Federal Reserve Bank of New York
Laura Pilossoph, Federal Reserve Bank of New York