Second Behavioral Macroeconomics Workshop: Heterogeneity and Expectations in Macroeconomics and Finance

University of Bamberg, June 13-15, 2019
An der Universität 2/7

Financial support by the Hans-Böckler-Foundation, the Macroeconomic Policy Institute (IMK), the German Academic Exchange Service, and the German Federal Ministry of Education and Research is gratefully acknowledged.
# Conference Program

## Second Behavioral Macroeconomics Workshop, Bamberg

### Thursday June 13

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<tr>
<th>Time</th>
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<tr>
<td>16:30</td>
<td>Guided City Tour</td>
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<td>18:00</td>
<td>Welcome Reception</td>
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### Friday June 14

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<tr>
<td>8:30 – 8:55</td>
<td>Registration and Coffee</td>
<td>U7/01.05</td>
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<tr>
<td>9:00 – 10:45</td>
<td>Session A1: Expectations in Macroeconomic Models</td>
<td>U7/01.05</td>
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<td>Session A2: Experiments I</td>
<td>U2/02.30</td>
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<td>Session A3: Agent Based Models</td>
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<tr>
<td>11:00 – 12:30</td>
<td>Keynote Lecture by Domenico Delli Gatti (Università Cattolica del Sacro Cuore)</td>
<td>U7/01.05</td>
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<td>12:30 – 14:10</td>
<td>Lunch Break and Poster Session I</td>
<td>U2/00.25</td>
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<td>14:15 – 16:00</td>
<td>Session B1: Learning</td>
<td>U7/01.05</td>
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<td>Session B2: Alternative Approaches to Macro-finance Modeling</td>
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<td>Session B3: Expectations and Survey Data</td>
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<tr>
<td>16:00 – 16:30</td>
<td>Coffee Break</td>
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<tr>
<td>16:35 – 18:20</td>
<td>Session C1: Consumer Decisions</td>
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<td>Session C2: Estimation Techniques for Behavioral Models</td>
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<td>Session C3: Experiments II</td>
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<td>19:30</td>
<td>Conference Dinner</td>
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### Saturday June 15

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<thead>
<tr>
<th>Time</th>
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<tbody>
<tr>
<td>9:00 – 10:45</td>
<td>Session D1: Heterogeneous Expectations in Macroeconomics</td>
<td>U7/01.05</td>
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<td>Session D2: Informational Frictions</td>
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<td>Session D3: Empirical Finance</td>
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<tr>
<td>10:45 – 11:10</td>
<td>Coffee Break</td>
<td>U2/00.25</td>
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<tr>
<td>11:15 – 13:00</td>
<td>Session E1: Empirical Macroeconomics</td>
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<td>Session E2: Heterogeneous Agents Models</td>
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<td>Session E3: Heterogeneous Expectations in Finance</td>
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<tr>
<td>13:00 – 14:40</td>
<td>Lunch Break and Poster Session II</td>
<td>U2/00.25</td>
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<tr>
<td>14:45 – 16:15</td>
<td>Keynote Lecture by George W. Evans (University of Oregon &amp; University of St. Andrews)</td>
<td>U7/01.05</td>
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After each presentation in a session there is a discussion of the paper by the next speaker. The paper of the last speaker in a session is discussed by the first speaker of the session. The 35 minutes per presenter are allocated as follows: 20 minutes for the presentation; 5 minutes for the discussant; 10 minutes for a reply to the points raised by the discussant and for general discussion.
Session A1: Expectations in Macroeconomic Models
Friday 14 June, 9:00 – 10:45 (Christian Proaño)

Monetary Policy with Diverse Private Expectations
Mordecai Kurz, Maurizio Motolese, Giulia Piccillo, (Maastricht University), Howei Wu

Bounded Rationality and Heterogeneous Expectations: Euler vs. Anticipated-utility Approach
Elton Beqiraj, Giovanni Di Bartolomeo, Marco Di Pietro, Carolina Serpieri (Sapienza University of Rome and European Commission)

Discretionary Policy and Multiple Equilibria in a New Keynesian Model
Volker Hahn (University of Konstanz)

Session A2: Experiments I
Friday 14 June, 9:00 – 10:45 (Joep Lustenhouwer)

Investigation of The House Price Expectations Channel of Consumption - A Survey-based Experiment
Wei Qian (University of Notre Dame)

Myopia in a Calvo-Pricing Experiment
Marcus Giammattei, Johann Graf Lambsdorff (University of Passau)

Long-run Expectations in LfFE: a Predictive Power Comparison of Different Algorithms
Simone Alfarano, Annarita Colasante (Universitat Jaume I), Anna Safont-Andreu

Session A3: Agent Based Models
Friday 14 June, 9:00 – 10:45 (Frank Westerhoff)

A Boom-Bust Business Cycle Model with Search-for-Yield and Heterogeneous Expectations in the Bond Market
Corrado Di Guilmi, Timo Henckel (Australian National University)

Rational Heuristics? Expectations and Behaviors in Evolving Economies with Heterogeneous Interacting Agents
Giovanni Dosi, Mauro Napoletano, Andrea Roventini, Joseph Stiglitz, Tania Treibich (Maastricht University, Scuola Superiore Sant’Anna and OFCE)

Comparing the Performance of an Emission Tax and a Permit Market under Bounded Rationality, Heterogeneity, and Uncertainty
Joël Foramitti (Universitat Autònoma de Barcelona)

Session B1: Learning
Friday 14 June, 14:15 – 16:00 (Joep Lustenhouwer)

Expectational Stability and Interest Rate Pegs
Nigel McClung (Bank of Finland)

Learning Under Multiple Public Information Sets
Manuel M. Mosquera-Tarrio (University of Manchester)

On the Learnability of MSV Solutions
Francesca Grassetti, Jan Wenzelburger (Technische Universität Kaiserslautern)

Session B2: Alternative Approaches to Macrofinance Modeling
Friday 14 June, 14:15 – 16:00 (Tomasz Makarewicz)

Inflation Targeting under Differentiated Endogenously Heterogeneous Inflation Expectations
Soumya Datta (South Asian University), C. Saratchand

Banks in the Behavioral Model
Yuemei Ji (University College London), Paul De Grauwe

Formalising Minsky’s Two-price Model of Investment in a Simple Agent-Based Framework
Severin Reissl (Università Cattolica del Sacro Cuore and Universität Bielefeld)

Session B3: Expectations and Survey Data
Friday 14 June, 14:15 – 16:00 (Mishael Milaković)

How Do Firms Form Expectations of Aggregate Growth? New Evidence from a Large-Scale Business Survey in Germany
Jonas Dovern (Alfred-Weber-Institute for Economics, Heidelberg University and CESifo), Klaus Wohlrabe

How Peer Groups Influence Economic Perceptions
Markus Knell, Helmut Stix (Oesterreichische Nationalbank)

New Tests of Expectation Formation with Applications to Asset Pricing Models
Pei Kuang (University of Birmingham), Renbin Zhang, Tongbin Zhang

Session C1: Consumer Decisions
Friday 14 June, 16:35 – 18:20 (Christian Proaño)

Depressed Demand and Supply
Baptiste Massenot (Goethe University Frankfurt and SAFE), Giang Nghiem
Costly Information Processing and Consumption Dynamics
Jérémy Boccanfuso (Paris School of Economics)

Are Consumers' Spending Decisions in Line With an Euler Equation?
Lena Dräger (Leibniz University Hannover), Giang Nghiem

Session C2: Estimation Techniques for Behavioral Models
Friday 14 June, 16:35 – 18:20 (Frank Westerhoff)

Estimating an Elementary Harrod–Kaldor Business Cycle Model by the Method of Simulated Moments
Reiner Franke (University of Kiel)

On the Estimation of Behavioral Macroeconomic Models via Simulated Maximum Likelihood
Jiri Kukacka (Charles University Prague), Tae-Seok Jang, Stephen Sacht

Animal Spirits, Financial Markets and Aggregate Instability
Wei Dai, Mark Weder (University of Adelaide), Bo Zhang

Session C3: Experiments II
Friday 14 June, 16:35 – 18:20 (Tomasz Makarewicz)

Intentions rather than Money Illusion – Why Nominal Changes Induce Real Effects
Susanna Grundmann (University of Passau)

Welfare Effects of Public Information in a Laboratory Financial Market
Alba Ruiz-Buforn (Universitat Jaume I), Simone Alfarano, Andrea Morone

Adding Fuel to the Flame: Asset Market Prices Affect the Overprecision of Investors
Steffen Ahrens (Berlin University of Technology), Ciril Bosch-Rosa, Rasmus Pank Roulund

Session D1: Heterogeneous Expectations in Macroeconomics
Saturday 15 June, 9:00 – 10:45 (Frank Westerhoff)

Strategic Interaction of Fiscal and Monetary Policies under Waves of Optimism and Pessimism
Paul De Grauwe, Pasquale Foresti (University of Roehampton London and London School of Economics)

The Behavioral Economics of Currency Unions: Economic Integration and Monetary Policy
Akville Bertasiute, Domenico Massaro, Matthias Weber (School of Finance, University of St. Gallen and Vilnius University)

Experience-Based Heterogeneity in Expectations
Lucas Radke (University of Cologne), Florian Wicknig

Session D2: Informational Frictions
Saturday 15 June, 9:00 – 10:45 (Joep Lustenhouwer)

Computing Sunspot Solutions to Rational Expectations Models with Timing Restrictions
Marco Sorge (University of Salerno, University of Göttingen and CSEF)

Noise-Ridden Lending Cycles
Elena Afanasyeva, Jochen Güntner (University Linz)

Irrational or Risk Averse? A Sticky Expectations Model for Households' Unemployment Expectations
Luca Gerotto (Ca’ Foscari University), Paolo Pellizzari

Session D3: Empirical Finance
Saturday 15 June, 9:00 – 10:45 (Sven Schreiber)

Short and Medium Term Financial-Real Cycles: An Empirical Assessment
Engelbert Stockhammer, Robert Calvert Jump, Karsten Kohler (Kingston University London), Julian Cavallero

Highly Rational to Wildly Irrational: Housing Markets are a Heterogeneous Ensemble
Michael Harré (University of Sydney)

A Behavioral Model of Household’s Deposit Dollarization
Ramil Khabibullin, Alexey Ponomarenko (Bank of Russia)

Session E1: Empirical Macroeconomics
Saturday 15 June, 11:15 – 13:00 (Mishael Milaković)

The Macroeconomic Effects of Social Security Contributions and Benefits – Evidence from Germany
Sebastian Gechert (Macroeconomic Policy Institute), Christoph Paetz, Paloma Villanueva

Global Financial Cycles since 1880
Galina Potjagailo, Maik Wolters (University of Jena, Kiel Institute for the World Economy and IMFS Frankfurt)

On the Dynamics of the Explanatory Power of the Granular Residual
Omar Blanco-Arroyo, Simone Alfarano (Universitat Jaume I)
**Session E2: Heterogeneous Agents Models**  
Saturday 15 June, 11:15 – 13:00 (Christian Proaño)

A Modified Truncated History Approach to Solve Heterogeneous Agents Models with Aggregate Shocks  
Marius Clemens, Ulrich Eydam, Sven Hartjenstein (DIW Berlin and Berlin School of Economics), Maik Heinemann

Corporate Tax Reforms with Policy Uncertainty  
Árpád Ábrahám, Pavel Brendler (University of Bonn), Eva Cárceles

Avoiding Root-Finding in the Krusell-Smith Algorithm Simulation  
Ivo Bakota (Charles University and the Economics Institute of the Czech Academy of Sciences)

**Session E3: Heterogeneous Expectations in Finance**  
Saturday 15 June, 11:15 – 13:00 (Tomasz Makarewicz)

A Model of Market Making with Heterogeneous Speculators  
Leonardo Bargigli (Università di Firenze)

Analyzing Heterogeneous Agents Models: Avoiding the Explicit Discretization of Stiff Equations  
Michael Baumann (Universität Bayreuth), Michaela Baumann, Lars Grüne, Bernhard Herz

Stock Prices, Sunspots and Macro Volatility in a Behavioural Model  
Michael Hatcher (University of Southampton)

**Poster Session I**  
Friday 14 June, 12:30 – 14:10

Asset Purchase Programmes in a DSGE Model with Heterogeneous Expectations  
Rodolfo Arioli (University of Amsterdam)

The Rise of Market Power, Inequality and the Macroeconomic Trends  
Hassan Faryaar (Carleton University)

Robust Optimal Monetary Policy Under Heterogeneous Beliefs  
David Finck (University of Giessen)

Heterogeneous Price Setting and the Phillips Curve: An Evolutionary Calvo Experiment  
Alex Grimaud (Università Cattolica del Sacro Cuore and Universiteit van Amsterdam)

**The Effects of Tax Changes on Economic Growth and Income Inequality**  
Simon Gross (University of Bamberg)

Estimation and Inference in Adaptive Learning Models with Slowly Decreasing Gains  
Alexander Mayer (WHU - Otto Beisheim School of Management)

Cross-Country Asymmetries in the Monetary Policy Transmission Mechanism: An Empirical Investigation  
Sven Schnellbacher (University of Karlsruhe)

Agent-Based Model of the UK Housing Market: Leverage and Consumption over the Cycle  
Ruben Tarne (IMK)

**Poster Session II**  
Saturday 15 June, 13:00 – 14:40

Corporate profitability and growth during democracy, dictatorship and war: Germany, 1919-1943  
Christian Babirat (University of Bamberg)

Estimation of agent-based models: Testing and applying s simulated joint moment approach  
Ivonne Blaurock (University of Bamberg)

Medium-term Effects of the Great Recession on National Unemployment Benefit Schemes in the Euro Area  
Martha Düker (University of Bamberg)

The Rationality Bias  
Tim Hagenhoff (University of Bamberg)

A Mesoeconomic Aggregation Rule for Microeconomic Shocks  
Alexander Hempfing, Jan Schulz (University of Bamberg)

Are Some People More Equal than Others? Experimental Evidence on Group Identity and Income Inequality  
Joep Lustenhouwer, Tomasz Makarewicz, Juan Carlos Peña, Christian Proaño (University of Bamberg)

Heterogeneous expectations, housing bubbles and tax policy  
Carolin Martin (University of Bamberg)
Location of Rooms
The registration desk is at the first floor of the U7 building. You can get there by taking the stairs at the ground floor and following the signs after that. This is also where the keynote lectures will take place.

The whole conference takes place in the U2 (An der Universität 2) and U7 (An der Universität 7) building. The first two digits of the room names indicate the floor the room is located on, where U2 00.25 is located on the ground floor, U7 01.05 and U2 01.36 on the first floor and U2 02.30 on the second floor of their respective buildings. The walking distance between both buildings is approximately five minutes (see map).

Social Events
Guided City Tour (June 13, 16:30)
Starting Point: Am Kranen 3 (see map)

Welcome Reception and Dinner (June 13, 18:00)
Location: Spezial-Keller, Sternwartstraße 8 (see map)

Conference Dinner (June 14, 19:30)
Location: Restaurant Francesco, Michelsberg 10f (see map)

Conference WiFi
Login: BehavioralMacroeconomics
Password: workshop@uniba2019
Social Events

Scientific Committee
Emanuel Gasteiger
Joep Lustenhouwer
Tomasz Makarewicz
Mishael Milaković
Christian Proaño
Sven Schreiber
Frank Westerhoff

Organizing Committee
Tim Hagenhoff
Alexander Hempfing
Carolin Martin
Juan Carlos Peña
Jan Schulz