



## Upcoming Seminars

### **Monday, 13.11.2023**

#### **Departmental Seminar**

13.30-14.30  
AWI room 00.010

Erwan Gautier, Banque de France  
"Household Beliefs About Fiscal Dominance"  
(Host: Zeno Enders)

### **Wednesday, 15.11.2023**

#### **Internal Seminar**

12.15-13.15  
AWI room 00.010

Maximilian Boeck, Milano Bocconi  
"Has Globalization Changed the International  
Transmission of U.S. Monetary Policy?"  
(Host: Zeno Enders)

### **Wednesday, 15.11.2023**

#### **Macro and Econometrics Seminar**

13.30-14.30  
AWI room 01.030

Thomas Eife  
"Personalized Response Scales in Inflation Expectations  
Surveys"

### Departmental Seminar

Erwan Gautier, Banque de France

"Household Beliefs About Fiscal Dominance"

Are the recent large debt-to-GDP increases constraining central banks not to raise rate thereby allowing for inflation persistently above target? The answer to that question can vary with the likelihood individuals put on such a fiscal dominance scenario. We use a customized survey of households in Germany to elicit such priors and design a randomized information treatment to study how fiscal news affects individuals views about long-term inflation expectations. We find that a large majority of households think that it is likely or very likely that fiscal constraints in the EA could constrained the ECB not to raise rate or lead some EA countries to default, with no evidence that one scenario is a substitute for the other. Information on public debt in France and Italy have a positive impact on euro-area debt-toGDP ratio medium-run expectations as well as on German long-run inflation expectation. The effects are larger for individuals who think there is a higher probability that EA fiscal authorities will be constrained. However, households do not associate this inflationary impact to the ECB lowering its interest rate to help fiscal authorities. At the aggregate, the inflationary impact of non expected increase in debt/GDP is mitigated by the expectations of individuals who do not put a large probability on a scenario where government finances will be constrained.

\*with P. Andrade, E. Mengus, E. Moench, and T. Schmidt

### Internal Seminar

Maximilian Boeck

"Has Globalization Changed the International Transmission of U.S. Monetary Policy?"

We estimate a time-varying parameter vector autoregression to examine the evolution of international spillovers of U.S. monetary policy in light of increasing globalization in real and financial markets. We find that the actions taken by the Federal Reserve play a growing role in shaping global economic activity. The adverse international effects of a U.S. tightening have more than tripled over the past three decades, peaking during the Great Recession. Based on a cross-country analysis and counterfactual simulations, we argue that such amplification can primarily be attributed to the surge in trade integration, while the role of rising financial integration in explaining the time-variation is limited.

## Macro and Econometrics Seminar Seminar

Thomas Eife

"Personalized Response Scales in Inflation Expectations Surveys?"

When central banks elicit inflation expectations of households or professional forecasters, they often use response scales with pre-defined intervals. In the surveys, households and professional forecasters are asked to assign probabilities to the intervals that best represent their beliefs about inflation. It is common practice to provide the same response scale to all participants. This practice is problematic since the response scale itself will influence the responses. A solution to this problem are personalized response scales that are centered at a respondent's point forecast and with a width that reflects the respondent's a priori uncertainty. Conducting a large-scale experiment, we compare and evaluate several ways to construct personalized response scales.

(joint with Christoph Becker and Peter Duersch)

## Talks and Research Visits

**Maximilian Boeck** is a guest researcher at the AWI from November to beginning of December hosted by Zeno Enders. Max is currently a postdoctoral researcher in the department of Economics at Bocconi University. His research is in the field of empirical macroeconomics and time series econometrics, with a focus on monetary economics, international economics, and imperfect information. For more information, please visit his [website](#).



**Jörg Oechssler** gave the keynote address "Dissolving an ambiguous partnership" (with Alex Roomets) at the 2023 New Zealand Microeconomics Study Group Meeting, November 7.

**Malte Faber** was invited by Andreas Löschel to give a talk on: "Nachhaltiges Handeln in Wirtschaft und Gesellschaft. Orientierung für den Wandel" within the *Nachhaltigkeitswoche* (find link [here](#)), at the Ruhr University Bochum, October 20.

**Jörg Oechssler** presented his paper "On the benefits of robo-advice in financial markets" (with Marco Lambrecht and Simon Weidenholzer) in the department seminar of the University of Otago, October 13.

## New Working Papers

Hans-Christian Krcal: Eine entropisch-ökonomische Analyse der "Routine". *AWI Discussion Paper Series No 738*, November 2023.

## Miscellaneous

Axel Dreher's "Banking on Beijing. The Aims and Impacts of China's Overseas Development Program" (co-authored with Andreas Fuchs, Bradley C. Parks, Austin Strange, Michael J. Tierney) received the University of Hong Kong's 2022-23 Social Sciences Outstanding Research Output Award.

Editorial deadline for issue 27/2023 of the newsletter:  
Wednesday, November 15, 2023, 12 p.m.  
[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)