

# Summary of Activities 2014

**“The Federal Reserve’s Role in the Global Economy: A Historical Perspective” was the Bank’s flagship centennial conference.**



The Globalization and Monetary Policy Institute passed an important milestone in 2014 with the publication of the 200th working paper in its dedicated working paper series. The paper—“The Federal Reserve in a Globalized World Economy”—was authored by the chairman of our advisory board, John Taylor. It was among the papers presented at a conference the institute organized as part of the Federal Reserve System’s centennial observances this past year. Indeed, 2014 was a bumper year for the institute’s working paper series, with 54 new papers circulated, bringing the total number in the series as of year-end to 220. Total downloads of the institute’s working papers increased from 2,207 in 2013 to 2,781 in 2014. Abstract views totaled 6,617 in 2014.

We made progress on other fronts as well, with institute staff presenting their work at a variety of research forums, moving papers through the publication process and initiating new projects.

## Academic Research

Journal acceptances in 2014 were up from 2013, when one paper was accepted for publication. Seven papers were accepted for publication in 2014—in the *Journal of Monetary Economics*: Scott Davis’ “Financial Integration and International Business Cycle Co-Movement”; *Economics Letters*: Jian Wang’s “Are Predictable Improvements in TFP Contractionary or Expansionary: Implications from Sectoral TFP?” coauthored with Deokwoo Nam; *European Economic Review*: Michael Sposi’s “Price Equalization, Trade Flows, and Barriers to Trade,” coauthored with Piyusha Mutreja and B. Ravikumar; *Journal of Econometrics*: Alexander Chudik’s “Common Correlated Effects Estimation of Heterogeneous Dynamic Panel Data Models with Weakly Exogenous Regressors,” coauthored with Hashem Pesaran; *Advances in Econometrics* volume: Enrique Martínez-García and Mark Wynne’s “Assessing Bayesian Model Comparison in Small Samples”; *Journal of Economic Surveys*: Alexander Chudik’s “Theory and Practice of GVAR

Modeling,” coauthored with Hashem Pesaran; and *Journal of Economic and Social Measurement*: Enrique Martínez-García and Valerie Grossman’s “A New Database of Global Economic Indicators (DGEI),” coauthored with Adrienne Mack.

At year-end, staff had papers under review at the *Review of Economics and Statistics*, *Journal of Applied Econometrics*, *International Economic Review*, *Journal of Econometrics*, *Journal of International Economics*, *Journal of Monetary Economics*, *Journal of Money, Credit and Banking*, *Journal of International Money and Finance*, *Journal of Financial Economics*, *Journal of Real Estate Finance and Economics* and *Economic Inquiry*.

## Conferences

The institute organized three conferences during 2014, one with Shanghai University of Finance and Economics (SHUFE), one with the Tower Center at Southern Methodist University and the conference held to mark the Federal Reserve System’s centennial. The first, “Micro-Foundations of International Trade, Global Imbalances and Implications on Monetary Policy,” was held in Shanghai in March and was cosponsored with SHUFE. This is the third such conference that we have organized in Shanghai in recent years (two with SHUFE, one with Fudan University). The 2014 conference featured presentations by researchers from the University of British Columbia, Johns Hopkins University, Dartmouth College, Chinese University of Hong Kong, SHUFE and the Dallas Fed.

The second conference, “The Political Economy of International Money: Common Currencies, Currency Wars and Exorbitant Privilege,” was held at the Dallas Fed on April 3–4. This conference was organized by institute Director Mark Wynne and Kathleen Cooper of the Tower Center at Southern Methodist University and was funded in part by the Jno. Owens Foundation. Keynote speeches were delivered by the late Ronald McKinnon of Stanford University (one of the fathers

of the theory of optimum currency areas) and Jeffrey Frieden of Harvard University.

The third conference, “The Federal Reserve’s Role in the Global Economy: A Historical Perspective,” was the Bank’s flagship centennial conference, held Sept. 18–19. The conference was organized by Institute Director Wynne and senior fellow Michael Bordo and featured senior policymakers and academics, including former Banco de México Governor Guillermo Ortiz, former Federal Reserve Vice Chair Donald Kohn and former Bank of England Deputy Governor Charles Bean. The inaugural Roosa Lecture was also part of the conference and was delivered by former Fed Chairman Paul Volcker. Summaries of all three conferences are included elsewhere in this report.

As in previous years, staff members were active presenting their work in external forums and conferences in 2014. These included the XVII Workshop in International Economics and Finance, the Association of Private Enterprise Education, the Tsinghua PBCSF Global Finance Forum, the Conference on Global Capital Flows and Financial Risk Management, the 2014 Spring Midwest Macro Meetings, the 2014 Western Economics Association International (WEAI) meetings and the International Conference on Financial Market Reform and Market Regulation.

Additionally, staff presented at the 10th Dynare Conference, the fall 2014 Midwest Macro Meeting, the 61st North American meetings of the Regional Science Association International, the Federal Reserve System Committee on International Economic Analysis and the Southern Economic Association 84th annual meetings.

Staff members also presented their work in seminars at the University of Houston, University of Winnipeg, Tsinghua University, Seoul National University, University of North Carolina at Charlotte, Texas A&M University, Beijing University, Southern University of Finance and Economics, Hong Kong Monetary Authority, Emory University, Bank of England, Bank for International Settlements and the Swiss National Bank.

## Bank Publications

Institute staff contributed five articles to the Bank’s *Economic Letter* publication during the year: “Deindustrialization Redeploys Workers to Growing Service Sector,” by Michael Sposi and Valerie Grossman; “China’s Sputtering Housing Boom Poses Broad Economic Challenge,” by Janet Koech and Jian Wang; “Central Bank Transparency Anchors Inflation Expectations,” by J. Scott Davis, Adrienne Mack and Mark A. Wynne; “Consumer Price Differences Persist Among Eight Texas Cities,” by Alexander Chudik (and Michele Ca’ Zorzi of the European Central Bank and Chi-Young Choi of the University of Texas at Arlington); and “Current Account Surplus May Damp the Effects of China’s Credit Boom,” by J. Scott Davis and Adrienne Mack (and Wesley Phoa and Anne Vandenabeele of the Capital Group Cos.). The Bank’s *Economic Letter* and this annual report are intended to disseminate research to a broader audience than technical experts in economics.

## People

Julieta Yung, a recent PhD graduate from the University of Notre Dame, joined the staff in July as a research economist. Bradley Graves, a 2014 graduate of SMU, joined the staff as a research assistant in June, and Kuhu Parasrampur, a 2013 graduate of the University of Rochester, joined the staff as a research assistant in July. Senior Research Analyst Adrienne Mack left the staff to take a position as an actuary with Mutual of Omaha. Scott Davis spent the month of July visiting the Hong Kong Institute for Monetary Research. In addition to regular visits over the year by Advisory Board member Finn Kydland and senior fellows Michael Bordo, Mario Crucini, Michael Devereux and Karen Lewis, we hosted research associate Ippei Fujiwara for a week in Dallas.

This year, we added four research associates to our network: C.Y. Choi (University of Texas at Arlington), German Cubas (University of Houston), Piyusha Mutreja (Syracuse University) and Heiwai Tang (Johns Hopkins University).