

Reflections from the 2018 WAMS-LAEF in Queenstown

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Otago's Department of Economics proudly hosted the 2018 WAMS-LAEF in Queenstown on 28-30 November 2018. WAMS-LAEF stands for the Workshop of the Australasian Macroeconomics Society (WAMS) in conjunction with one-day workshop organised by the University of California at Santa Barbara's Laboratory for Aggregate Economics and Finance (LAEF). WAMS-LAEF was a great event! This article discusses some of the main highlights (not least the mountain views!).



WAMS-LAEF

The annual Workshop of the Australasian Macroeconomics Society (WAMS) is managed by the Australasian Macroeconomics Society, a registered not-for-profit society. Run by a group of research-active macroeconomists from academia and public policy,¹⁵ WAMS is open to all areas of macroeconomics.

WAMS has a long history, beginning with the first Australasian Macroeconomics Workshop (AMW) in 1996. In 2014, the AMW joined forces with the Workshop on Macroeconomic Dynamics (which grew out of the Australian National University in 2006) to form what is the WAMS today.

WAMS again included a one-day workshop organised by the University of California at Santa Barbara's Laboratory for Aggregate Economics and Finance (LAEF).¹⁶

The organisers of WAMS-LAEF invited research papers from any field of macroeconomics, theoretical or applied. More than 100 submissions from all over the world were received, resulting in approximately 40 registered attendees, including from institutions in Australia, Canada, Czech Republic, Germany, Italy, UK and US. NZ was also well represented, with attendees from most universities as well as the Reserve Bank of New Zealand and the New Zealand Treasury.

The local organising committee comprised Alfred Haug, Murat Üngör and Dennis Wesselbaum, all from Otago's Department of Economics. Deputy Vice-Chancellor (Research and Enterprise) Richard Blaikie welcomed attendees at the opening reception, emphasising the University of Otago's strength and success in research.

Given the range of papers delivered, it is not possible to review them all here.¹⁷ Keynote speeches were given by Harald Uhlig (The University of Chicago, NBER, CEPR), Nobel Laureate Finn Kydland (UCSB, NBER, LAEF) and Robert Shimer (The University of Chicago, NBER, IZA).

"SOME SIMPLE BITCOIN ECONOMICS"

Christie Smith (Reserve Bank of New Zealand) introduced the first keynote speaker, Harald Uhlig, whose research interests are in macroeconomics, financial markets and Bayesian econometrics, and the intersection of these three areas.¹⁸ Prof Uhlig presented his work, "Some simple bitcoin economics", co-written with Linda Schilling (École Polytechnique – CREST).

Recent innovations have made it feasible to transfer private digital currency without the intervention of banks. Cryptocurrencies, in particular Bitcoin, have received a large amount of attention in the news. The price of Bitcoin has been highly volatile – even spectacular/terrifying! For example, on 17 December 2017, the price of bitcoin on CoinMarketCap, a cryptocurrency exchange, neared US\$20,000; since then, the price has fallen dramatically.

These developments have given rise to a number of questions from the public and policy-makers alike. How do Bitcoin prices evolve? What are the consequences for monetary policy? Prof Uhlig's talk shed light on some of these questions, using a model framework (Schilling and Uhlig, 2018).

"POLITICS IN THE WORLD ECONOMY"

Benoît Julien (President of the WAMS) introduced Finn Kydland,¹⁹ who, with Edward Prescott, received the 2004 Economics Nobel Prize "for their contributions to dynamic macroeconomics: the time consistency of economic policy and the driving forces behind business cycles." Prof Kydland's talk was entitled "Politics in the world economy".

Since the time of Adam Smith (or perhaps earlier), economists have asked: Why do some countries grow faster than others? This question can be extended in many ways: Will the Chinese economy surpass the U.S. economy? Following the recent worldwide recession, what country, or group of countries, will emerge as the engine of world economic growth?

¹⁵ www.ausmacro.com.

¹⁶ The Laboratory for Aggregate Economics and Finance (LAEF) was established in July 2005 to address important questions on growth and fluctuations in national, or aggregate, economies (<http://laef.ucsb.edu/index.html>).

¹⁷ The programme is available at www.ausmacro.com/WAMS2018/program.

¹⁸ http://home.uchicago.edu/huhlig/cv_uhlig.html.

¹⁹ www.finnkydland.com.

Prof Kydland addresses such questions based on his recent research with colleagues. For example, both Chile and Mexico experienced severe economic crises in the early 1980s, but Chile recovered much faster than Mexico. Kydland discussed such cases and compared differences in how economic reforms were implemented across countries.

“HIGH WAGE WORKERS WORK FOR HIGH WAGE FIRMS”

Peter Rupert (University of California, Santa Barbara) introduced the final keynote speaker, Robert Shimer,²⁰ whose research is about labour markets and macroeconomics, mostly focused on search frictions but also exploring the mismatch between workers’ human capital and locations and jobs’ skill requirements and locations. His paper, co-written with Katarína Borovičková (New York University), was entitled “High wage workers work for high wage firms”.

There is sorting everywhere in the economy. For example, higher income households reside in distinct neighbourhoods and send their children to different schools than low income households. The one place where it has been hard to find evidence of sorting is in the labour market. Borovičková and Shimer (2017) develop a new approach to measuring the correlation between the types of matched workers and firms.

A GREAT SUCCESS!

The meeting was an enjoyable and productive affair. The organisers received very positive feedback on the programme, the organisation of the meeting and the helpful and stimulating discussions.

USEFUL WEBSITE

2018 WAMS-LAEF: <http://wams2018.ausmacro.com>.

REFERENCES

- Borovičková, K., Shimer, R. (2017), “High wage workers work for high wage firms”, *NBER Working Paper* No. 24074.
 Schilling, L., Uhlig, H. (2018), “Some simple Bitcoin economics”, *NBER Working Paper* No. 24483.



Harald Uhlig talked about the economics of Bitcoin



Nobel laureate Finn Kydland talked about economic growth and politics



Robert Shimer talked about high wage workers and firms

20 <https://sites.google.com/site/robertshimer>.