

Im Rahmen der öffentlichen Vortragsreihe

Economic Theory and Policy

des Forschungsbereichs Ökonomie

am Institut für Stochastik und Wirtschaftsmathematik der TU Wien

hält

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(Oesterreichische Nationalbank)

einen Vortrag

mit dem Titel

On fiscal multipliers in New Keynesian small open economy models

Abstract: This paper uses a medium-sized New Keynesian general equilibrium model of a small open economy in a monetary union to systematically quantify the sensitivity of various fiscal multiplier measures to the model's key assumptions and parameters for an array of fiscal instruments. Using a unified framework circumvents the typical problems of diverging parameterizations, model extensions, shock definitions, fiscal reaction functions or multiplier measurements that come with inference from cross-study comparison and make results hard to compare. Linearity of multipliers in most parameters allows us to quickly compute rough multiplier estimates for alternative parameterizations by simply using our reported local sensitivities and a pocket calculator. Reflecting the synthesis character of the New Keynesian paradigm, the key parameters that quantitatively determine the size of multipliers differ considerably between the short and the long run. We show that ex-post multipliers should be preferred over ex-ante multipliers when ranking fiscal instruments. Rankings are sensitive to the considered time horizon, shock persistence and anticipation assumptions.

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