



The Credibility of Government Policies: Conference in Honor of Guillermo Calvo

In 1978 Guillermo Calvo published the paper “On the Time Consistency of Optimal Policy in a Monetary Economy”. This paper shows how a conflict between the interests of the current government with those of a future government, both of which share the same objective of maximizing social welfare, gives rise to a credibility problem. This seminal paper kickstarted a broad research agenda, which includes, for example, the problem of inflation stabilization, the unintended consequences of non-credible policies, balance of payments crises, sovereign debt crises, and the design of sustainable public debt management strategies. This conference will celebrate the “time consistency” paper’s 45th anniversary by gathering state-of-the-art research on the topic and bringing together academic researchers and policymakers who have to make decisions in environments without commitment.

Organizers. Andy Neumeier (Universidad Torcuato Di Tella) and Martín Uribe (Columbia University)

Scientific Committee. Mauricio Cárdenas (Columbia University), María Victoria Murillo (Columbia University), Andy Neumeier (Universidad Torcuato Di Tella), Paolo Pesenti (Federal Reserve Bank of New York), Martín Uribe (Columbia University), and Stephanie Schmitt-Grohé (Columbia University)

Program

Wednesday, February 22, 2023

Venue: Federal Reserve Bank of New York

3:00 - 4:00 Chair: Paolo Pesenti, Federal Reserve Bank of New York
Invited Lecture: Michael Woodford, Columbia University

4:00 - 5:00 Panel Discussion: Monetary Tightening, Inflation, and Debt Sustainability
Chair: Patricia Mosser, Columbia University
Panelists:
Richard Clarida, Columbia University



Federick Mishkin, Columbia University
Francesco Giavazzi, Università Bocconi
Pierre Olivier Gourinchas, International Monetary Fund

5:00-5:30 Coffee break

5:30-6:30 Fireside chat on taming inflation
Chair. Darrel Duffie, Graduate School of Business, Stanford University
Speakers:
Jacob Frenkel, Group of Thirty (G30)
Mervyn King, London School of Economics, emeritus.
John C. Williams, Federal Reserve Bank of New York

6:30-8:00 Reception and Cocktail

Thursday, February 23, 2023

Venue: Columbia University (International Affairs Building, Room 1501)

8:15-8:45 Registration and breakfast

8:45-9:00 Welcome
Keren Yarhi-Milo, Columbia University
Martin Uribe, Columbia University

9:00-10:00 Chair. Jose Scheinkman, Columbia University
Keynote address: Christopher Sims, Princeton University, emeritus
Fiscal and monetary policy when government liabilities carry a liquidity premium

10:00-10:30 Coffee break

10:30-11:30 Chair. Alejandro Izquierdo, Inter-American Development Bank
Fernando Alvarez, University of Chicago
Price Setting And Strategic Complementarities
Co-authors: Francesco Lippi, Luiss University, and Takis Souganidis, University of Chicago
Discussant. Jennifer La'O, Columbia University

11:30-12:30 Chair: Liliana Rojas-Suarez, Center for Global Development
Ivan Werning, Massachusetts Institute of Technology.
Expectations and the Rate of Inflation



Discussant: Andy Neumeier, Universidad Torcuato Di Tella

- 12:30-2:30 Lunch
Chair. Jan Švejnar, Columbia University
Luncheon address: **John B Taylor, Stanford University**
- 2:30-3:30 Chair. Cristina Arellano, Federal Reserve Bank of Minneapolis
Giancarlo Corsetti, Cambridge University
Gambling to Preserve Price (and Fiscal) Stability.
Co-author: Bartosz Maćkowiak, European Central Bank
Discussant: Javier Bianchi, Federal Reserve Bank of Minneapolis
- 3:30-4:30 Chair. Andrew Powell, Inter-American Development Bank
Marina Halac, Yale University
A Theory of Fiscal Responsibility and Irresponsibility
Co-authors: Pierre Yared, Columbia University
Discussant. Mark Aguiar, Princeton University
- 4:30-5:00 Coffee break
- 5:00-6:00 Panel Discussion: Managing External Shocks: Global Inflation Pressures, Supply Disruptions, and Global Monetary Tightening
Chair. José Darío Uribe, Fondo Latinoamericano de Reservas
Panelists:
Andres Velasco, London School of Economics
Roque Fernandez, Universidad del CEMA
Karnit Flug, Hebrew University of Jerusalem
Ricardo Hausmann, Harvard Kennedy School
- 6:15-10:00 Reception followed by dinner, (By invitation)

Friday February 24, 2023

Venue: Columbia University (International Affairs Building, Room 1501)

- 8:30-9:00 Registration and breakfast
- 9:00-10:00 Chair. Alan Taylor, University of California, Davis
Keynote address: Carmen Reinhart, Harvard Kennedy School
Among The Many Lessons on Credibility from Guillermo: From Inflation Stabilization to Sudden Stops



- 10:00-11:00 Chair. Pablo Guidotti, Universidad Torcuato Di Tella
Şebnem Kalemli-Özcan, University of Maryland
Monetary Policy Cyclicity in Emerging Economies
Co-authors: Pierre De Leo and Gita Gopinath, IMF
Discussant: Linda Goldberg, Federal Reserve Bank of New York
- 11:00-11:30 Coffee break
- 11:30-12:30 Panel Discussion: Back to 2% Inflation?
Chair: Stephanie Schmitt-Grohé, Columbia University
Panelists:
James Bullard, Federal Reserve Bank of St. Louis
Silvana Tenreyro, London School of Economics
Federico Sturzenegger, Universidad de San Andrés
- 12:30-2:00 Lunch
Chair. Miguel Kiguel, Universidad Torcuato Di Tella
Luncheon address: **Maurice Obstfeld, University of California Berkeley**
- 2:00-3:00 Chair. Enrique Mendoza, University of Pennsylvania
Pablo Ottonello, University of Michigan.
Fiscal Stimulus under Sovereign Risk
Co-authors: Javier Bianchi, Federal Reserve Bank of Minneapolis, and Ignacio Presno, Board of Governors of the Federal Reserve System.
Discussant: Laura Castillo-Martinez, Duke University
- 3:00-3:30 Coffee break
- 3:30-4:30 Policy Panel: Decision-making with limited credibility
Chair: Sara Calvo, Columbia University
Panelists:
José Antonio Ocampo, Finance Minister, Republic of Colombia
Ilan Goldfajn, Inter American Development Bank
Ernesto Zedillo, Yale University
- 4:30-4.45 Final Remarks. Guillermo Calvo, Columbia University

This conference is sponsored by the following institutions: Columbia University (PER, ISERP, SIPA, ILAS), Universidad Torcuato di Tella, the Inter-American Development Bank, the International Monetary Fund, The Bank for International Settlements, and The Federal Reserve Bank of New York.