# Christopher D. Cotton

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### Education

PhD in Economics, Columbia University, 2019 (expected) MA in Economics, Toulouse School of Economics, 2013 BSc in Economics, London School of Economics, 2011

# Fields of Specialization

Macroeconomics, Monetary Economics

# Job Market Paper

#### The Inflation Target and the Equilibrium Real Rate

Many economists have proposed raising the inflation target to reduce the probability of hitting the zero lower bound. It is believed that raising the inflation target will not affect the equilibrium real rate. I demonstrate that once we incorporate agent heterogeneity into a standard New Keynesian model, raising the inflation target will lower the equilibrium real rate. In a calibrated model, I find that a rise in the inflation target of 2p.p. lowers the equilibrium real rate by 0.38 percentage points in my baseline calibration. This implies that a rise in the inflation target will raise the average nominal interest rate by less than 2p.p. and thus reduce the probability of hitting the effective lower bound by less than expected.

# **Other Working Papers**

### A Long-Term Behavioral New Keynesian Model

The Behavioral New Keynesian model appears to offer a simple way to resolve many paradoxes within Macroeconomics. I demonstrate, however, that a key feature of the model is that the irrational part of agents' expectations are fixed at the steady state level. I relax this assumption and allow for the irrational part of expectations to update slowly in line with what agents observe. I derive an alternative Behavioral New Keynesian model within this longterm expectations framework. In this case, a fixed nominal interest rate rule is not determinate and the zero lower bound does not have bounded costs. Thus, important paradoxes remain unresolved. This contrasts with Gabaix (2018).

#### Macroeconomic Revisions as Shocks (with Emi Nakamura and Jón Steinsson)

Recent work has attempted to make use of macroeconomic data revisions as exogenous shocks to beliefs and policy. We discuss some of the challenges researchers face when using this methodology. "Animal spirits"—i.e., revisions in beliefs about the state of the economy and its trajectory—have long been proposed as a potentially important source of business cycle fluctuations. The idea we investigate is whether macroeconomic data revisions provide a useful source of variation for evaluating the role of animal spirits in business cycles by generating noise in beliefs. We demonstrate that omitted variables bias and reverse causation imply that this approach is, unfortunately, uninformative in the business cycle context. Similar concerns arise when data revisions are used as shocks in other contexts.

### Work in Progress

### **Big Data Evidence on Information Acquisition**

I analyse the extent of learning following shocks using novel data on website access. I analyse the extent to which internet users access individual Wikipedia pages and overall website domains. I assess which categories of pages

christopher.cotton@columbia.edu www.cdcotton.com (+1) 646-780-9987 become more or less popular following shocks. I am able to determine which types of information agents choose to read about and whether they choose to learn for the future.

# Fellowships and Awards

Dissertation Fellowship, Columbia University, 2018-2019 Dean's Fellowship, 2013-2018 Vickrey Prize, 2016 (runner-up, best 3rd year paper) Harriss Prize, 2015 (runner-up, best 2nd year paper) Jean-Jacques Laffont Scholarship, Toulouse School of Economics, 2012-2013 University of Toulouse 'Prix d'Excellence', 2012

# **Research Experience**

Dissertation Fellow, Federal Reserve Board (Monetary Studies); Summer 2018 Research Assistant for Serena Ng; Summer 2017 Research Assistant for Emi Nakamura and Jón Steinsson; Summer 2014, Summer 2016

# **Teaching Experience**

Intermediate Macroeconomics; TA for Jón Steinsson; Columbia; Spring 2017, Spring 2018 Macroeconomics I for MA; TA for Ron Miller; Columbia; Fall 2016, Fall 2017 Macroeconomics II for MA; TA for Irasema Alonso; Columbia; Spring 2016 Advanced Macroeconomics; TA for Irasema Alonso; Columbia; Fall 2015 Introduction to Econometrics; TA for Seyhan Erden; Columbia; Fall 2014, Summer 2015 Time Series; Columbia; TA for Seyhan Erden; Spring 2015 Economics Instructor; Oxbridge Academic Experience (pre-college classes); Summer 2014

# **Professional Experience**

Summer Intern, UK Government Economic Service, 2012 Summer Intern, Goldman Sachs, 2010

### Personal

Citizenship: United Kingdom Languages: English (Native), French (Proficient)

# References

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