

# Journal of **APPLIED ECONOMETRICS** **NEWSLETTER**

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## From the Editor

We have several wonderful activities coming up, which I would like to share with you and which, I hope, will continue to provide a thriving environment in all fields of econometrics.

First, next year's **IAAE Conference** is already in the making and it is scheduled to be hosted by King's College University in London, U.K., between June 21 and 24, 2022. Mark your calendars! The IAAE Lecture will be delivered by Joshua Angrist (Massachusetts Institute of Technology). The full list of invited speakers includes: Xiaohong Chen (Yale University), Sílvia Gonçalves (McGill University), Jesús Gonzalo (Universidad Carlos III de Madrid), Michael Keane (University of New South Wales) and Jonathan Wright (Johns Hopkins University). The program co-chairs are: Ana Maria Herrera (University of Kentucky) and Peter Arcidiacono (Duke University). The organizers are the Directors of the IAAE: Heather Anderson (Monash University), Marcelle Chauvet (University of California, Riverside), Bruce Hansen (University of Wisconsin-Madison), Thierry Magnac (Toulouse School of Economics) and Barbara Rossi (ICREA-Universitat Pompeu Fabra, Barcelona GSE, CREI). The local organizers are: Jack Fosten (King's College London), Sinem Hacıoglu (Bank of England), George Kapetanios (King's College London), Daniele Massacci (King's College London), Francesca Monti (King's College London) and Michele Piffer (King's College London). The **Call for Papers of the 2022 IAAE Conference** is in this Newsletter and will be published soon on the IAAE website: <http://appliedeconometrics.org/conferences>. We look forward to receiving your submissions! The submission deadline is February 15th, 2022. As always, those interested in hosting the IAAE conference in the future are welcome to apply by sending a formal application to Marcelle Chauvet ([marcelle.chauvet@ucr.edu](mailto:marcelle.chauvet@ucr.edu)).

Furthermore, in cooperation with the International Association for Applied Econometrics (IAAE), a few years ago we started a series of yearly invited sessions at the ASSA meetings of the American Economic Association. So far it has been a great success, and in January 2022 we will continue to sponsor the following **two IAAE invited ASSA sessions**: the first is on *Machine Learning in Finance and Macroeconomics* and it is scheduled to take place on Friday, Jan. 7, 2022, 10:00 AM - 12:00 PM (EST). The second is on *Climate and environmental policy evaluation* and it is scheduled Saturday, Jan. 8, 2022, at 3:45 PM - 5:45 PM (EST). A detailed list of the papers presented in the sessions is provided later in this newsletter.

Furthermore, as you know, during the pandemic the IAAE initiated a new series of **IAAE webinars**,

with the objective to bring applied econometrics to its members! A list of recent webinars can be found in this newsletter and members can watch the recordings online at: <https://appliedeconometrics.org/iaae-webinars>.

The *Journal of Applied Econometrics* continues to evolve. I regret to announce that **Thierry Magnac** is leaving the editorial board. Thierry has been an excellent coeditor and has greatly contributed to shape the journal into what it is today. We are very grateful to him. At the same time, we welcome **Frank Vella** as a new coeditor of the journal and we look forward to cooperating with him starting in January 2022. Also, I would like to take the opportunity to announce the appointments of several new associate editors: **Yoosoon Chang**, **Drew Creal**, **Valentina Corradi** and **Laura Liu**, also starting in January 2022. Welcome all of you on board!

Also, in the present issue of the Newsletter the section “**Interview with Econometrics**” features an interview with Fabio Canova on the occasion of his 65th birthday. As you know, in this section we give a face to those that have created and continue to shape econometrics, to have a chance to learn how they fell in love with econometrics, how they got their best ideas and what advice they have for all of us! Fabio Canova is a great macro-econometrician and served as a coeditor of the *Journal of Applied Econometrics* for many years. Econometrics is not just what we learn in books: it is continuously evolving, thanks to the creativity of great people. Keep reading to learn more!

The IAAE supports conferences and workshops in econometrics. The IAAE receives many worthy applications and, given the competition, it is important that applicants submit full proposals after consulting the terms and conditions of the [IAAE Conference Sponsorship Grant](#). The IAAE Board of Directors also needs sufficient time to process the applications, which must be sent at least six months before the conference date. Please do allow plenty of time between the date of submission of your proposal and the conference date. Applications can be submitted to Marcelle Chauvet ([marcelle.chauvet@ucr.edu](mailto:marcelle.chauvet@ucr.edu)).

I take the opportunity to wish all of you happy holidays and a joyful and safe 2022!



[Barbara Rossi](#)

Editor

# *Interview with Applied Econometrics*

Interview conducted on January 11, 2021

by Barbara Rossi (Univ. Pompeu Fabra, ICREA and Barcelona GSE)  
and Gergely Ganics (Central Bank of Hungary and John von Neumann University)



*Dr. Fabio Canova is a Professor of Economics at the BI Norwegian Business School, and Fellow of the CEPR. He is also the Program Director of the Budapest School for Central Bank Studies, Member of the Scientific Board of the Euro Area Business Cycle Network, Honorary Professor and Member of the Advisory Board of the Center for Financial Development and Stability at Henan University, China, and Member of the Board of Directors of the European Seminar on Bayesian Econometrics.*

*He was the Head of Training of the Florence School of Banking and Finance (2015-2018), held the Pierre Werner Chair in Monetary Union at European University Institute (2013-2015), the ICREA Research Professorship at Universitat Pompeu Fabra (2005-2012), and was Professor of Econometrics at the European University Institute (2012-2015), among other positions.*

*In 1999 Professor Canova was inducted into the Applied Econometric Hall of Fame (Journal of Applied Econometrics), and in 2011 he became a Journal of Applied Econometrics Distinguished Author. Between 2012 and 2017 he was coeditor of the Journal of Applied Econometrics.*

*Dr. Canova has published over sixty articles in respected journals, such as the Journal of Applied Econometrics, Journal of Business & Economic Statistics, Journal of Econometrics and Journal of Monetary Economics. Additionally, he authored the successful textbook "Methods for Applied Macroeconomic Research", published by Princeton University Press in 2007.*

GG: First of all, let me thank you Fabio for joining us today and taking your time for this interview for the Journal of Applied Econometrics Newsletter.

BR: Thank you Fabio for being here with us today. My first question is, what motivated you to study economics, and in particular econometrics?

FC: Thanks for asking me to be here, it is a great honor to answer your questions. When I was in high school, I used to like history quite a lot, and that was something I really was excited about. I had a philosophy and history teacher, who one day told me: "I think you would like a book by *Carlo M. Cipolla*." The title of the book was *The Monetary Policy of Fourteenth Century Florence*, and I got completely absorbed by it. I thought "This is a great book, I really want to study this stuff." That was the first time I encountered economics; I thought it was a branch of history, and I envisioned that I was going to study that subject at the university. But then I decided for something different, astronomy, even though I did not last long and reverted to the original idea of studying economic history. But, during that short while, I learned that you could represent the motion of objects with partial differential equations, and I was very surprised to discover later that you could use similar expressions to describe economic systems. How I got to econometrics? When I was already studying at the master's level, I really got thrilled about the fact that economies could be represented through a set of equations that evolve over time; that you could put these equations into a computer, simulate dynamic paths, estimate parameters and produce predictions. It was a mind-opening experience and I thought, "Well, that is what I want to do!"

BR: Well, economics is different, right, because it is a little bit less predictable than the way planets move – I guess that might be what makes economics interesting.

FC: That is correct. But to answer your original question, I would say: I turned to economics a bit by chance; primarily because I found two people who put me on the right track, and I must thank them.

GG: And if you had not studied economics, then what would have been your second best? I am just asking this because in your CV you mention that you have diplomas in cinema and TV production, and piano and orchestra direction – something I have never seen in the CV of an econometrician.

FC: Well, there are more researchers with such a background than you might expect! Some I know told me that they became bored with playing in an orchestra, and that economics is much more exciting! As I said, when I was in high school and then during my BA, I did not have a clear idea of what I wanted to do. I started at the conservatory when I was 10. At the conservatory I really liked composition and direction, so I decided to specialize in that. Then, someone I trusted once told me, "I think you would also like to study cinema", so I did. All of these were side activities I was doing when I was at the university; but since I could not decide where to put my energy, I wanted to try all of them, and see how my preferences would evolve. When I finished all the degrees, I had to decide which field to get into, and it came by chance – I got a Fulbright to study in the US, and that is why I am here.

BR: I am sure junior researchers would love to hear where you usually get your research ideas and what motivates them.

FC: I would say a variety of channels but primarily through seminars. Seminars are typically a very good source of inspiration for me; I listen to a paper, I see a hole or something missing, or, if I am dissatisfied with the methodology used, I think if there is a way of doing better. Listening to the "masters" of the professions also helps, because they may drop a hint, sometimes explicit,

sometimes less explicit on something which is worth pursuing; or they might comment that it would be a good idea if someone worked on a topic or another. That's how I started. Also, I was lucky because at the beginning I was close enough to very smart people in the profession, Adrian Pagan, Bruce Hansen, Albert Marcet for example and just listening to the way they approach a problem or think of a solution was very illuminating.

GG: What advice would you have for people starting a PhD in economics?

FC: Do not start with set ideas because if you do, you are probably going to fall into the wrong track. Be willing to adapt yourself to the circumstances, listen to what the senior researchers have to say about your ideas. When I was a graduate student, I learned quite a lot from my fellow classmates, many of whom are now distinguished economists. It is also important not to give up. The beginning is quite hard, unless you are a super genius; the first year of graduate school is a nightmare for many and it is very easy to find yourself underwater. I think that if you are willing to sacrifice, it pays off in the end – at least it paid off for me.

GG: Actually, perseverance was one of the things that Hashem Pesaran also mentioned when we interviewed him.

BR: What helps you through the ups and downs of the research process?

FC: You have to like what you are doing: discovering ideas, developing techniques, reading about developments in other fields that can lead to applications in economics or econometrics. Without being overconfident, I think you should believe in yourself and persevere, as was said before. After a while when you are in the profession you become aware you are not going to win the Nobel Prize, but you can make a contribution; perhaps it is small, but not useless; and that keeps you going. And when you get a rejection, well, too bad; start again. Letters of rejections are sometimes hard to digest, especially when you are young, but you have to get used to the idea that your work may be hot to you, but not to others. Sometimes you think what referees write does not make any sense. Unfortunately, refereeing is not a perfect process; editors make mistakes; and sometimes there are big egos involved in the process; but I think if you believe in yourself and you like what you are doing, eventually you will make it.

GG: Do you have an anecdote or story in mind when you had a good paper, but you got a bad referee report, and now you are just laughing about it because you managed to publish the paper in a good outlet?

FC: Maybe because I like to sit at the crossroad of fields, I always have to fight with referees to get my papers through. I had plenty of episodes in which I thought that reports were misleading, or the reviewers did not understand the paper. But at times I also thought that maybe it was me who could not explain what I was doing and why it was relevant. When you get bad reports, I suggest you step back for a second, think carefully about what is it that you want the reader to absorb and rewrite the paper accordingly; often that works. My job market paper, which got me a number of jobs at the time, is one of the papers I never published. The reason was that I was stupid enough to criticize a senior person in the profession. Of course, the paper went to him as a referee not once, not twice, but every time I sent it out, and the outcome was always the same; at a certain point, I decided to set it aside, because I did not feel like working on it again, but probably, if I had given a positive rather than a negative message it would have been published. I have another unpublished paper which has about 500 citations: referees thought it was not up to the standards then; but in the end

the profession thought it was a useful addition.

GG: As you mentioned, you are between fields. What is your perception, is there enough communication between statistics and econometrics?

FC: I believe there is little communication between fields in general, not only between statistics and econometrics. Let me give you a simple example. When I was a graduate student, I worked as an RA for an oceanographer. The oceanographer was studying erosion on Cape Cod, using deterministic wave functions and I said, "But you know that the erosion process cannot be deterministic, even economists know it must be stochastic." When I told him this, he answered "Wow, so you know about stochastic waves!" This is just one example in which two distinct fields, economics and oceanography, could benefit from each other and develop new methodological ideas. In general, I think there are gains from communication and cross-fertilization across fields; creating boxes, like "I am econometrician", "you are a biostatistician", "you are an oceanographer" is just plain wrong. However, there is one important deterrent for discussions across disciplines: language is not common, and sometimes it is very easy to get completely confused. For example, years ago I was looking at the electrical engineering literature. There the term identification was often used, but I could not understand the context. Later I figured out that identification for electrical engineers means estimation; and that this has nothing to do with the notion of identification used in econometrics; but it took me a while before I understood it.

BR: As your career spans several decades, can you tell us in which ways you see the profession has changed since you started as an assistant professor at Brown in 1987?

FC: I do not think there is a huge change. There have been adjustments, hot topics vary over time, fads got popular and then disappeared, but the basic unsolved questions remain untouched. One thing I realized as I grew older is that, at least in economics, knowledge is not necessarily cumulative. Sometimes issues that were addressed and solved 30-40 years ago come up again, and current researchers do not know about it. Perhaps there is too much material to teach in PhD programs, and less 'sexy' topics are left out of syllabuses. When I started, there were obviously much less people doing research, fewer journals, but also much less pressure to publish. I think you know the paper "Publishing and Promotion in Economics: The Tyranny of the Top Five" by James Heckman and Sidharth Moktan (Heckman and Moktan, 2020). It was not like this when I started. As long as you could show that you could produce interesting research and there were two or three senior mentors who could vouch for you, that was fine. I think, now people rely a little too much on the information signal given by the top five journals for promotion, recognition, and grants. It is *a* signal, but not always *the right* signal. Ceteris paribus, it is much easier to publish in top journals if you are in a particular bandwagon than if you are working from a remote place and individually; meaning that the value of a top 5 publication may be overstated. Clearly, when one is asked to evaluate a researcher in a field that it is not exactly hers, and sees a publication in the *Review of Economic Studies*, in *Econometrica*, etc. in the CV, the conclusion one draws must be that the person must be good. But, as we all know, having publications in top journals is not necessarily a guarantee of high impact in the profession; and there are very influential papers that are published in field journals. The fact that we are much more specialized and that time for reading papers has shrunk, contribute to putting much more weight on publications on top journals than 30 years ago. It is important that respected and highly qualified researchers like Heckman now put this on the table.

BR: Whose ideas influenced your research agenda most profoundly?

FC: During the years of my PhD, it was the time of rational expectations econometrics; it was also the first few years of VAR research; all the ideas these literatures were bringing forward shaped me quite a bit. I was extremely lucky in my PhD because I had two Nobel Prize winners teaching me macroeconometrics, and two professors in the faculty who later became Nobel Prize winners. They all shaped both the way I think about problems in economics and the way I approach them empirically.

GG: What is your opinion on Big Data and all the excitement that surrounds it?

FC: I think it is a gold mine in terms of possibilities. Now we have not only time series data but time series data *and* zillions of cross-sectional components that we can use to investigate problems; and I believe there is a lot of information in the cross-section that can help sharpen inference. My general take is that any technique that helps us to better understand how to process this huge amount of information is welcome. Of course, when too many people start talking about it, and the excitement grows, it becomes a topic for cocktail party conversation. A lot of people do not even know what Big Data is, even though they often talk about it in public. I think it is one of the latest, most exciting fields where econometricians can contribute. Big Data combined with artificial intelligence is going to have an important impact in the future, I think.

BR: What do you think are the most important topics or questions in econometrics or applied macro to be addressed in the next few years?

FC: I think the combination of macro and micro data to address open questions in economics is going to be one of the key issues in the next 5-10 years. Econometricians know time series, cross-sectional and panel methodologies; but I do not think they know yet how to fruitfully interact them. For example, in microeconometrics studies, estimation is performed making assumptions which are not necessarily consistent with the assumptions made in time series. In terms of structural estimation, combining micro and macro information is not going to be a small feat. Computationally it is difficult to treat large microdata for macro purposes; thus, there are going to be approximations made, and although the tendency is to discuss the results without talking too much about how one gets there, I think there is plenty of room for developing new methods that incorporate micro information in macroeconomic models.

Since you mentioned Big Data, I think there are also a lot of open questions about, for example, how to summarize trends. Text analysis is an interesting field which has not been explored enough in econometrics. I think there are plenty of interesting topics, and obviously now with the pandemic, we need to add a few new pieces to our macroeconomic models. The recent policy discussion about the green economy will also push people to incorporate global warming into econometric models. The tendency is to take blocks developed elsewhere and just plug them in, but clearly, we need to integrate various blocks better to get a thorough understanding of the implications. I saw a presentation a few months ago about the macroeconomic effects of the pandemic. I liked very much the way they summarized the paper with a three-dimensional trade-off frontier involving: number of deaths, economic cost and budget deficit, and different countries may choose different points on the frontier. The trade-off was produced in a simulated model; there was no estimation yet, so there are plenty of things one can do in this respect.

GG: As you have just mentioned bringing micro evidence closer to macro evidence, what is your take on the “battle” between standard representative agent New-Keynesian DSGE models versus heterogeneous agents New-Keynesian (HANK) models?

FC: These battles are designed to make the discussion interesting! When I started, it was the time of the Real Business Cycle revolution; after that there was the New-Keynesian revolution; now there is the HANK revolution. There has been some progress from the early real models, more issues can be tackled within models, and we understand a little bit more about how the economy works. But I do not think anybody can claim that HANK is the “final” structure or that they are close to *the* data generating process. Even though we can discuss issues of inequality and redistribution, HANK models can be solved and estimated only after making a lot of assumptions, and, at this point, we have no way to verify if these assumptions are correct or not. Even with today’s computer technology, just checking that the results are fine and that specific choices do not drive the results takes up to six months. Incorporating heterogeneity as HANK models do is definitely important, and I think the next few years will see many policy institutions trying to tackle questions that have to do with monetary policy and inequality, income, wage and wealth distributions because these are clearly issues policymakers care about. They were just put on the back burner because they were hard to deal with. I do not think HANKs will stick with us forever. They provide a step in the direction of taking differences across individuals into account. Maybe in ten years we will look back and see that much progress has not been done with the paradigm; maybe we will move sideways or maybe go in another direction.

GG: Please tell us about the Empirical macro toolbox (available [here](#)) that you started developing with Filippo Ferroni.

FC: Filippo has worked at the Bank of France and the Chicago Fed for years. At both central banks he was asked to provide some easy-to-run code that local analysts could use on a routine basis to perform standard tasks, such as calculating an impulse response to a particular policy shock or generating conditional or unconditional forecasts. Over the years, he started developing the code and showed me how easy it was to use it. On my side, I had MATLAB code I used to distribute to students to illustrate what I teach. During the first wave of the pandemic, I said “Well, why don’t we put all of this together and make it a public good?” So, we did. I think one of the big pluses of the Toolbox is that it is very easy to use and it is open source, so people can add or modify routines if they want. I believe it is a very good teaching tool for MA and first year PhD courses. We presented the Toolbox at a number of central banks, and they were all very excited about the package; hopefully more people will start using it and get to the minimum critical mass necessary for a project of this type to fly. Given that it includes several of my scripts, it also nicely complements the textbook I wrote 14 years ago (Canova, 2007).

BR: What is your perspective on the broad issues of inequality?

FC: I think that unless people start thinking seriously about inequality, but not only *within* countries, also *across* countries, then sooner or later we will see Luddite movements building up. I think the general solution is education, and I think as economists we can do something about it. If you do not want to get your hand dirty with field work, at least you can talk about it and make the public aware of the risks of increasing polarization. I believe economists need to get involved in broader issues of public interest. Otherwise, you end up working in your niche, care too much about uninfluential details and forget about the big picture.

BR and GG: We really appreciate your time, Fabio: thank you so much for being with us today and sharing your thoughts!



## References

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## **Abstracts of Forthcoming Articles**

**[An Automated Prior Robustness Analysis in Bayesian Model Comparison](#) by Joshua C. C. Chan, Liana Jacobi and Dan Zhu**

It is well-known that the marginal likelihood, the gold standard for Bayesian model comparison, can be sensitive to prior hyperparameter choices. However, most models require computationally intense simulation-based methods to evaluate the typically high-dimensional integral of the marginal likelihood expression. Hence, despite the recognition that prior sensitivity analysis is important in this context, it is rarely done in practice. We develop efficient and feasible methods to compute the sensitivities of the marginal likelihood, obtained via two common simulation-based methods, with respect to any prior hyperparameter, alongside the MCMC estimation algorithm. Our approach builds on Automatic Differentiation (AD), which has only recently been introduced to the more computationally intensive Markov chain Monte Carlo simulation setting. We illustrate our approach with two empirical applications in the context of widely used multivariate time series models.

**[Nonparametric Tests of Tail Behavior in Stochastic Frontier Models](#) by William C. Horrace and Yulong Wang**

This article studies tail behavior for the error components in the stochastic frontier model, where one component has bounded support on one side, and the other has unbounded support on both sides. Under weak assumptions on the error components, we derive nonparametric tests for thin-tailed distributional assumptions imposed on these two components. The tests are useful

diagnostic tools for stochastic frontier analysis and kernel deconvolution density estimation. A simulation study and applications to four previously studied datasets are provided. In two of these applications, the new tests reject the thin-tailed distributional assumptions such as normal or Laplace, which are commonly imposed in the existing literature.

**[What time use surveys can \(and cannot\) tell us about labor supply](#) by Cheng Chou and Ruoyao Shi**

The American Time Use Survey (ATUS) accurately measures hours worked on a single day. We propose several estimators of elasticities of weekly labor supply in a linear regression model, despite certain impossibility results due to the time specific feature of the ATUS. We recommend the impute estimator, a simple modification of the standard two stage least squares estimator, that imputes the dependent variable using daily subsamples, based on our careful investigation of asymptotic and finite sample properties of the estimators under the potential outcome framework. We apply the impute estimator to the ATUS and find substantially different elasticity estimates from the Current Population Survey, especially for married women.

**[Contagious switching](#) by Michael T. Owyang, Jeremy Piger and Daniel Soques**

We analyze the propagation of recessions across countries using a model with multiple qualitative state variables in a vector autoregression (VAR). The VAR may include country-level variables to determine whether policy also propagates across countries. We consider versions of the model with observed discrete states or unobserved discrete states, where the latter is inferred from fluctuations in economic data. We apply the model to Canada, Mexico, and the United States to test if spillover effects were similar before and after the North American Free Trade Agreement (NAFTA). We find that trade liberalization increased business cycle propagation across the three countries.

**[Endogenous health groups and heterogeneous dynamics of the elderly](#) by Dante Amengual, Jesús Bueren and Julio A. Crego**

We propose a methodology to classify individuals into few but meaningful health groups by estimating a panel Markov switching model that exploits rich information from panel household surveys. Using the HRS, we identify four persistent health groups, depending on individual's physical and mental disabilities. Our classification outperforms existing health measures at explaining entry in nursing homes, home health care, out-of-pocket medical expenses, and mortality for individuals in the HRS, ELSA, and SHARE. Through a workhorse model of savings, we recover an asset cost of bad health that is twice as big as when using self-reported health.

**[Inferring financial bubbles from option data](#) by Robert A. Jarrow and Simon S. Kwok**

Financial bubbles arise when the underlying asset's market price deviates from its fundamental value. Unlike other bubble tests that use time series data and assume a reduced-form price process, we infer the existence of bubbles nonparametrically using option price data. Under no-arbitrage and acknowledging data constraints, we can partially identify asset price bubbles using a cross section of European option prices. In the empirical analysis, we obtain interval estimates of price bubbles embedded in the S&P 500 Index. The estimated index bubbles are then used to construct profitable momentum trading strategies that consistently outperform a buy-and-hold trading strategy.

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## IAAE Invited Sessions at ASSA 2022

### **1. Machine Learning in Finance and Macroeconomics**

Friday, Jan. 7, 2022    10:00 AM – 12:00 PM (EST)

Chair: Marcelle Chauvet (University of California, Riverside)

#### Asset Pricing with Missing Data

by Svetlana Bryzgalova (London School of Economics and Political Science), Markus Pelger (Stanford University), Sven Lerner (Stanford University) and Martin Lettau (University of California, Berkeley)

#### On the Aggregation of Probability Assessments: Regularized Mixtures of Predictive Densities for Eurozone Inflation and Interest Rates

by Francis X. Diebold (University of Pennsylvania), Minchul Shin (Federal Reserve Bank of Philadelphia) and Boyuan Zhang (University of Pennsylvania)

#### (Re-)Imag(in)ing Price Trends

by Jingwen Jiang (University of Chicago), Bryan Kelly (Yale University) and Dacheng Xiu (University of Chicago)

#### Ambiguity with Machine Learning: An Application to Portfolio Choice

by Eric Ghysels (University of North Carolina-Chapel Hill), Steve Raymond (University of North Carolina-Chapel Hill) and Yan Qian (University of North Carolina-Chapel Hill)

### **2. Climate and Environmental Policy Evaluation**

Saturday, Jan. 8, 2022    3:45 PM – 5:45 PM (EST)

Chair: Heather Anderson (Monash University)

#### Long-Term Resource Adequacy in Wholesale Electricity Markets with Significant Intermittent Renewables

by Frank A. Wolak (Stanford University)

#### Carbon Pricing and the Elasticity of CO<sub>2</sub> Emissions

by Felix Pretis (University of Victoria and University of Oxford), Ryan Rafaty (University of Oxford) and Geoffroy Dolphin (Resources for the Future)

#### How does Economic Activity Interact with Climate? What we can Learn from Global Temperature Anomaly Distributions

by Yoosoon Chang (Indiana University), Zack Miller (University of Missouri) and Joon Park (Indiana University and Sungkyunkwan University)

#### Pushed to Cross the Line: Multiperiod Pollution Standards and the Cost of Environmental Regulation

by Wolfram Schlenker (Columbia University and NBER) and Florian Grosset (Columbia University)

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## Overview of the IAAE Annual Conferences

International Association for  
**APPLIED ECONOMETRICS**



# IAAE Annual Conferences

The main aims of IAAE are to advance the education of the public in the subject of econometrics and its applications to a variety of fields in economics, in particular, but not exclusively, by advancing and supporting research in that field, and disseminating the results of such useful research to the public.

The IAAE conferences bring together leading researchers in the field and are a major forum where all aspects of econometrics (theory and practice) are discussed and debated.

### **This year we had the 2021 IAAE Annual Conference**

organized by the  
Erasmus School of Economics, Rotterdam, The Netherlands  
June 22-25, 2021

**IAAE Lecture by Francis X. Diebold**  
“Reduced-Form vs. Structural Perspectives on Melting Arctic Sea Ice”

### **The Future IAAE Conferences are:**

**2022 IAAE Annual Conference**  
**International Association for Applied Econometrics**  
King's College London, London, United Kingdom  
June 21-24, 2022

**2023 IAAE Annual Conference**  
**International Association for Applied Econometrics**  
BI Business School, Oslo, Norway  
June 27-30, 2023

**Call for Papers**  
**IAAE 2022 Annual Conference**  
**International Association for Applied Econometrics**

King's College London

June 21 - 24, 2022

**Deadline for submission: February 15<sup>th</sup>, 2022**

**IAAE Lecture**

**Joshua Angrist**, Massachusetts Institute of Technology

**Invited Speakers**

**Xiaohong Chen**, Yale University

**Sílvia Gonçalves**, McGill University

**Jesús Gonzalo**, Universidad Carlos III de Madrid

**Michael Keane**, University of New South Wales

**Jonathan Wright**, Johns Hopkins University

**Logistics:** The conference will be hosted by King's College University in London, U.K., June 21 to 24, 2022. We aim to organize the conference in-person. Please keep an eye on the conference website [www.iaae2022.org](http://www.iaae2022.org) for any new information or changes in line with the Government COVID-19 guidelines. For further logistics information, please visit the conference website.

**Full Paper Submission Procedure:** Authors are invited to submit empirical and theoretical papers on the suggested topics (submission of abstracts or synopses will not be accepted). Papers will be evaluated and selected by the committee members in their specific area.

Papers should be submitted electronically (pdf only) no later than 11:59 pm ET, *February 15, 2022* to: [https://editorialexpress.com/cgi-bin/conference/conference.cgi?action=login&db\\_name=IAAE2022](https://editorialexpress.com/cgi-bin/conference/conference.cgi?action=login&db_name=IAAE2022)

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### IAAE Webinar Series

The IAAE has a Webinar series that is widely attended with 150 to 800 participants every other Wednesday via Zoom. More information on the Webinars can be obtained on the IAAE website: <https://appliedeconometrics.org/iaae-webinars>.

## IAAE - INTERNATIONAL ASSOCIATION FOR APPLIED ECONOMETRICS WEBINAR 2021

IAAE Webinars are held via Zoom on Wednesdays from 9am to 10am PT

January 27, Wed	<b>Prof. James Stock</b> Harvard University	"Measuring Real Activity using a Weekly Economic Index" (with Karel Mertens and Daniel Lewis) <a href="#">Recording</a>
February 10, Wed	<b>Dr. Jan Ditzen</b> Free University Bozen-Bolzano	"Spatial and Spatio-temporal Error Correction, Networks and Common Correlated Effects" (with A. Bhattacharjee and Sean Holly) <a href="#">Slides</a> <a href="#">Recording</a>
February 24, Wed	<b>Prof. James Hamilton</b> University of California San Diego	"Measuring Labor-Force Participation and the Incidence and Duration of Unemployment" (with Hie Joo Ahn) <a href="#">Slides</a> <a href="#">Paper</a> <a href="#">Recording</a>
March 10, Wed	<b>Raffaella Giacomini</b> University College London	"Identification and Inference under Narrative Restrictions" (with Toru Kitagawa and Matthew Read) <a href="#">Slides</a> <a href="#">Recording</a>
April 28, Wed	<b>Prof. Herman van Dijk</b> Erasmus University Rotterdam	"Societal Challenges and Research Opportunities for 21-st Century Econometricians, A personal view" <a href="#">Slides</a> <a href="#">Recording</a>
May 5, Wed	<b>Prof. Yacine Ait-Sahalia</b> Princeton University	"When Uncertainty and Volatility Are Disconnected: Implications for Asset Pricing and Portfolio Performance" <a href="#">Recording</a>
May 12, Wed	<b>Prof. Chris Sims</b> Princeton University	"Robustness of Identification through Heteroskedasticity in Structural VARs" <a href="#">Slides</a> <a href="#">Recording</a>
May 26, Wed	<b>Prof. Jonathan Wright</b> Johns Hopkins University	"The Phillips Curve: Heterogeneity across Space and Time" <a href="#">Slides</a> <a href="#">Recording</a>
July 7, Wed	<b>Prof. Marcelle Chauvet</b> University of California Riverside	"Sectoral and Aggregate Economic Impacts of COVID: Evidence from a Dynamic Bi-Factor Markov Switching Model" (with Jeremy Piger) <a href="#">Recording</a>
October 20, Wed	<b>Alejandro Sánchez Becerra</b> New York University	"Spillovers, Homophily, and Selection into Treatment: The Network Propensity Score" <a href="#">Recording</a>
November 17, Wed	<b>Balint Tatar</b> Goethe University Frankfurt	"Bayesian Estimation of DSGE Models with Hamiltonian Monte Carlo" <a href="#">Recording</a>
December 15, Wed	<b>Prof. Colin Cameron</b> University of California Davis	"Recent Developments in Cluster-Robust Inference" <a href="#">Recording</a>

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More than just an outlet for innovative and quantitative research in the application of econometric techniques to a wide variety of problems in economic and related fields, the *Journal of Applied Econometrics* has sponsored innumerable conferences over the years. The JAE's Research Fund is now used to sponsor the International Association for Applied Econometrics (IAAE). IAAE has been using part of this fund to sponsor Conferences, Workshops, and Seminars (see [here](#)). The IAAE offers [financial support](#) (up to US \$1,500) towards the cost of organizing conferences to promote research in applied econometrics. Applications must be sent at least six months before the event takes place. For more information click [here](#).

<b>Conference (website)</b>	<b>Venue or Local Organizers</b>	<b>Dates</b>
<a href="#">2020 International Symposium on Forecasting</a> (online)	Pontifical Catholic University (PUC), Rio de Janeiro, Brazil	5-8 July 2020
<a href="#">2020 SNDE Society for Nonlinear Dynamics and Econometrics</a> (online)	University of Zagreb, Zagreb, Croatia	23-25 September 2020
<a href="#">5<sup>th</sup> Workshop in Financial Market and Nonlinear Dynamics</a> (online)	Université de Lille – IAE Paris, France	3-4 June 2021
<a href="#">7<sup>th</sup> RCEA Time Series Workshop</a> (online)	University of Milan-Bicocca, Italy	25-26 June 2021
<a href="#">International Panel Data Conference 2021</a> (online)	Jönköping University, Sweden	1-2 July 2021
<a href="#">3rd Italian Workshop of Econometrics and Empirical Economics: “High-dimensional and Multivariate Econometrics: Theory and Practice”</a>	University of Bologna, Rimini Campus, Italy	20-21 January 2022
<a href="#">CIREQ Econometrics Conference in Honor of Eric Renault</a>	Montreal, Canada	27-28 May 2022
<a href="#">6th International Workshop on “Financial Markets and Nonlinear Dynamics (FMND)</a>	Paris, France	2-3 June 2022
<a href="#">International Panel Data Conference 2022</a>	University Residential Centre, Bertinoro (FO), Italy	16-19 June 2022

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[The Journal of Applied Econometrics](#) (published in seven issues per year) is a bi-monthly international journal, which aims to publish articles of high quality dealing with the application of existing as well as new econometric techniques to a wide variety of problems in economics and related subjects, covering topics in measurement, estimation, testing, forecasting, and policy analysis. The emphasis is on the careful and rigorous application of econometric techniques and the appropriate interpretation of the results. The economic content of the articles is stressed.

The intention of the *Journal of Applied Econometrics* is to provide an outlet for innovative, quantitative research in economics which cuts across areas of specialization, involves transferable techniques, and is easily replicable by other researchers. Contributions that introduce statistical methods that are applicable to a variety of economic problems are actively encouraged. The *Journal* also aims to publish review and survey articles that make recent developments in the field of theoretical and applied econometrics more readily accessible to applied economists in general.

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Hosted by a server belonging to the [Economics Department](#) of [Queen's University](#), it contains data for all papers accepted after January 1994, with the exception of a growing number of papers for which the data are confidential. There are some data for a few papers accepted earlier than January 1994, but Volume 10, No. 1 (1995) is the first issue in which all papers were accepted subject to the proviso that data be provided.

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