

Macroeconomia II – 2011.2

Lista 2

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1) Romer - Capítulo 9 - Exercício 9.11:

More on solving the dynamic-inconsistency problem through reputation. (This is based on Cukierman and Meltzer, 1986).

Consider a policymaker who is in the office for two periods and whose objective function is $E[\sum_{t=1}^2 b(\pi_t - \pi_t^e) + c\pi_t - \frac{a\pi_t^2}{2}]$. The policymaker is chosen randomly from a pool of possible policymakers with differing tastes. Specially, c is distributed normally over possible policymakers with mean $\bar{c}$ and variance $\sigma_c^2 > 0$. a and b are the same for all possible policymakers.

The policymaker cannot control inflation perfectly. Instead, $\pi_t = \hat{\pi}_t + \xi_t$, where $\hat{\pi}_t$ is chosen by policymaker (taking π_t^e as given) and where ξ_t is normal with mean zero and variance $\sigma_\xi^2 > 0$. ξ_1 , ξ_2 and c are independent. The public does not observe $\hat{\pi}_t$ and ξ_t separately, but only π_t . Similarly, the public does not observe c . Finally, assume that π_2^e is a linear function of π_1 : $\pi_2^e = \alpha + \beta\pi_1$.

a) What is the policymaker's choice of $\hat{\pi}_2$? What is the resulting expected value of the policymaker's second-period objective function, $b(\pi_2 - \pi_2^e) + c\pi_2 - \frac{a\pi_2^2}{2}$, as a function of π_2^e ?

b) What is the policymaker's choice of $\hat{\pi}_1$ taking α and β as given and accounting for the impact of π_1 on π_2^e ?

c) Assuming rational expectations, what is β ? (Hint: use the signal extraction procedure described in Section 6.3).

d) Explain intuitively why the policymaker chooses a lower value of $\hat{\pi}$ in the first period than in the second.

2) **Romer - Capítulo 9 - Exercício 9.12:**

The tradeoff between low average inflation and flexibility in response to shocks with delegation of control over monetary policy. (Rogoff, 1985)

Suppose that output is given by $y_t = \bar{y} + b(\pi_t - \pi^e)$, and that the social welfare function is $\gamma y - \frac{a\pi^2}{2}$, where γ is a random variable with mean $\bar{\gamma}$ and variance σ_γ^2 . π^e is determined before γ is observed; the policymaker, however, chooses π after γ is known. Suppose policy is made by someone whose objective function is $c\gamma y - \frac{a\pi^2}{2}$.

a) What is the policymaker's choice of π given π^e , γ and c ?

b) What is π^e ?

c) What is the expected value of the true social welfare function, $\gamma y - \frac{a\pi^2}{2}$?

d) What value of c maximizes expected social welfare? Interpret your result.

- 3) Considere um país em que a legislação concede aos credores prioridade no recebimento de recursos provenientes da massa falida de firmas em concordata. Suponha que o tribunal supremo deste país tenha julgado uma ação em favor dos empregados de uma firma em concordata, tornando-os credores prioritários. Em outras palavras, os demais credores só são pagos após o pagamento de todas as dívidas trabalhistas da firma. Caso essa decisão seja interpretada como um indicativo de como o tribunal julgará casos de senhoria de dívida no futuro, analise os efeitos sobre produto e taxa de juros (títulos e empréstimos) no modelo estilizado de Bernanke e Blinder (1988).

Como a autoridade monetária pode reagir para levar o produto novamente para o nível original?