

Short Bio

Albert Marcet is ICREA Research Professor at CREI (Center for Research in International Economics) and Research Professor at the Barcelona Graduate School of Economics, where he is also the AXA Research Chair on Macroeconomic Risk. He is Adjunct Professor at Universitat Pompeu Fabra, a Fellow of the Econometric Society, and Research Fellow of CEPR.

Previously, he has been Professor of Economics at University College London, Director of MOVE, Research Professor at IAE-CSIC, Professor at Universitat Pompeu Fabra (UPF), Professor at the London School of Economics (LSE), and Associate Professor at Carnegie-Mellon University.

Professor Marcet's research focuses on four main areas: expectations learning models, dynamic model solving techniques, fiscal policy and time series. Highlights of his work include his collaboration with the Nobel Prize in Economics Thomas Sargent, whose analysis has been used in many articles to justify (or not) the use of DSGE models with rational expectations used in many central banks to predict the effects of policy changes. More recently he has studied learning models to explain the behavior of the economy and the design of macroeconomic policies. He showed that the hyperinflations observed in many countries in the 1980s can be explained naturally with learning models. The economic policy recommendation that emerges from his model is to promote a real reform and to anchor inflation expectations using exchange rate rules, in line with what today is thought to effectively have ended the 80s hyperinflations.

In fiscal policy, Prof. Marcet's research has shown that, contrary to what some authors had suggested, a drastic reduction in the tax on capital would lead to a great redistribution of wealth that would strongly harm large sectors of the population with low capital income, and that optimal policy entails running large deficits in recessions. Recent work on models of learning shows that investors' expectations about stock prices are a key determinant of stock price volatility.

His work has been supported by two Advanced ERC grants APMPAL and APMPAL-HET. Professor Marcet emphasizes that part of his work as a researcher has been to make it possible for others to do research, and notes that he has learned much of what he knows from his PhD students.

Selected Publications

- "Convergence of Least Squares Learning Mechanisms in Self-Referential Linear Stochastic Models", (with T. J. Sargent), *Journal of Economic Theory*, 48 (2), 1989, 337-368.
- "Solving a Growth Model by Parameterizing Expectations", (with W. den Haan), *Journal of Business, Economics and Statistics*, 8 (1), 1990, 31-34.
- "Optimal Taxation without State-Contingent Debt", (with R. Aiyagari, T. J. Sargent

- and J. Seppälä), *Journal of Political Economy*, 110 (6), 2002, 1220-1254.
- “Recurrent Hyperinflations and Learning”, (with J. P. Nicolini), *American Economic Review*, 93 (5), 2003, 1476-1498.
 - “Stock Market Volatility and Learning”, (with K. Adam and J. P. Nicolini), *Journal of Finance*, 71 (1), 2016, 33-82.
 - “Stock Price Booms and Expected Capital Gains”, (with K. Adam and J. Beutel), *American Economic Review*, 107 (8), 2017, 2352-2408.
 - “Government Debt Management, the Long and Short of it”, (with E. Faraglia, R. Oikonomou and A. Scott), *Review of Economic Studies*, 2019, 86 (6), 2554-2604.
 - “Recursive Contract”, (with R. Marimon), *Econometrica*, 2019, 87 (5), 1589-1631.