

CREI Lectures in Macroeconomics 2014

The Macroeconomics of Uncertainty

December 9-11, 2014 Barcelona
CREI, UPF Ciutadella Campus



Nicholas Bloom
Stanford University


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Centre de Recerca
en Economia Internacional

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CREI Lectures in Macroeconomics

The Centre de Recerca en Economia Internacional (CREI) is a research centre sponsored by Universitat Pompeu Fabra (UPF) and Generalitat de Catalunya. It is located on the main UPF campus in Barcelona.

The CREI Lectures in Macroeconomics is a series of biennial lectures, with support from Princeton University Press. They are given by a “young senior scholar”, who has recently made a major, focused contribution to macroeconomics or international economics. The lectures will provide a high-level summary of recent work that has already had a large impact on the profession. Princeton University Press has agreed to publish a series of CREI Lectures in Macroeconomics.

Nicholas Bloom

Nicholas Bloom is a Professor of Economics at Stanford University, and a Co-Director of the Productivity, Innovation and Entrepreneurship program at the National Bureau of Economic Research. His research focuses on management practices and uncertainty. He previously worked at the UK Treasury and McKinsey & Company.

His work has been covered in a range of media including the *New York Times*, *Wall Street Journal*, and *Financial Times*. He is a Fellow of the American Academy of Arts and Sciences, and the recipient of numerous awards, including an Alfred Sloan Fellowship, the Bernácer Prize, the EIB Prize, the Frisch Medal, the Kauffman Medal and a National Science Foundation Career Award. He has a BA from Cambridge, an MPhil from Oxford, and a PhD from UCL (2001).

Some of his recent publications include:

- ‘Identifying technology spillovers and product market rivalry’, (with M. Schankerman and J. Van Reenen), *Econometrica*, vol. 81, no. 4, July 2013, pp. 1347–1393.
- ‘Does management matter? Evidence from India’, (with B. Eifert, A. Mahajan, D. McKenzie and J. Roberts), *The Quarterly Journal of Economics*, vol. 128, no. 1, February 2013, pp. 1–51.
- ‘The organization of firms across countries’, (with R. Sadun and J. Van Reenen), *The Quarterly Journal of Economics*, vol. 127, no. 4, November 2012, pp. 1663–1705.
- ‘Americans do IT better. US multinationals and the productivity miracle’, (with R. Sadun and J. Van Reenen), *American Economic Review*, vol. 102, no. 1, February 2012, pp. 167–201.
- ‘The impact of uncertainty shocks’, *Econometrica*, vol. 77, no. 3, May 2009, pp. 623–685.

Schedule

December 9th,	16:30 - 18:30	Lecture 1
December 10th,	16:30 - 18:30	Lecture 2
December 11th,	16:30 - 18:30	Lecture 3

Lectures will be held in the auditorium in the Mercè Rodoreda building (room 23.S01), Universitat Pompeu Fabra, Ciutadella Campus, Ramon Trias Fargas 25.

Due to limit seating availability, please register with mnovoa@crei.cat

The Macroeconomics of Uncertainty

The lecture series will highlight the latest work on the measurement, cause and effect of economic uncertainty. This has become a major research topic because of the extensive media and policy interest following the Great Recession. The lectures will combine theory and empirics.

Lecture 1: The Great Recession and Measuring Uncertainty

This lecture begins by discussing the reasons for the recent surge in interest in the macroeconomics of uncertainty, with particular focus on the Great Recession. Bloom will then present evidence on how to measure uncertainty — focusing on financial measures, surveys, extracts from newspaper articles and micro volatility— and how this has changed over time, and outcomes. This will draw on the survey in “Fluctuations in Uncertainty” Bloom (2014).

Lecture 2: Theories on the Impact of Uncertainty

This lecture will focus on the impact of uncertainty on the economy. It will first

address the consumer side of economy through risk-aversion and ambiguity aversion, and then examine the firm side of the economy where theories of real-options, price rigidities and financial frictions predict negative impacts of uncertainty. Finally, Bloom will consider some positive channels via Hartman-Abel effects and growth options.

Lecture 3: Drivers of Uncertainty and Future Research

The final lecture will focus on why uncertainty changes over time. One explanation is simply bad-luck and shocks — events like the assassination of Kennedy, 9/11 and the Ukraine crisis generate huge exogenous spikes in uncertainty. Another story is that fluctuations in uncertainty are endogenous — recession causes rises in uncertainty, so this is a classic amplification mechanism for business cycles. The lecture will end by outlining future research around measurement, identification of causality and computational models.