

JAMES S. COSTAIN

version: 01/2012

Economist, Research Division, Bank of Spain

Research interests: Business cycle models with frictions and strategic complementarities. Matching and bargaining. Near-rational decision-making.

ACADEMIC and PROFESSIONAL POSITIONS

Economist, División de Investigación, Servicio de Estudios, Banco de España, 9/06-present.

Visiting Lecturer, University of California at Davis, 4/06-9/06.

Research Fellow, División de Investigación, Servicio de Estudios, Banco de España, 10/05-3/06.

Visiting Professor, Universidad Carlos III de Madrid, 10/02-9/05.

Visiting Lecturer, Universitat Autònoma de Barcelona, 4/04-5/04.

Assistant Professor, Universitat Pompeu Fabra, 10/97-9/02.

Visiting Lecturer, University of California at Santa Cruz, each September, 1996-2009 and 2011.

EDUCATION

Ph.D., Economics, University of Chicago, 1997

Dissertation: *Unemployment Insurance in a General Equilibrium Model of Job Search and Precautionary Saving*

Dissertation Supervisor: Michael Woodford

Field exams: Macroeconomics, Mathematical Economics

M.A., Economics, University of Chicago, 1994

B.A., Economics, Stanford University, 1987

GRANTS

Bank of Spain Research Grant for project on “Fiscal Policy in Economies with Unemployment and Imperfect Insurance”, 10/05-3/06.

MCyT Grant #SEC2002-01601, Spanish Ministry of Science and Technology, Research group of Albert Marcet, 2002

DGES Grant #PB98-1065, Spanish Ministry of Education, Research group of Jordi Galí, 2000

DGES Grant #PB98-1066, Spanish Ministry of Education, Research group of Albert Marcet, 2000

DGES Grant #PB97-0095, Spanish Ministry of Education, Research group of Albert Marcet, 1998

Jacob K. Javits Fellow 1992-96

Foreign Language and Area Studies Fellow (Portuguese) 1991-92

RESEARCH PAPERS

“**Logit price dynamics**”, joint with Anton Nakov (Federal Reserve Board), work in progress. Presented at UCSC 9/11, Simposio de la Asociación Española de Economía 12/11.

“**Smoothing shocks and balancing budgets in a currency union**”, joint with Beatriz de Blas (Univ. Autónoma de Madrid). Bank of Spain Working Paper #1207, 1/12. Presented at ECB 5/11, Vienna Macro Workshop 10/11, Moneda y Crédito Symposium 11/11, Simposio de la Asociación Española de Economía 12/11.

“**The role of fiscal delegation in a monetary union: a survey of the political economy issues**”, joint with Beatriz de Blas (Univ. Autónoma de Madrid). Manuscript, 11/11. Presented at Bank of Spain, 12/11.

“**Precautionary price stickiness**”, joint with Anton Nakov (Bank of Spain). ECB Working Paper #1375, 8/11, and Bank of Spain Working Paper #1122, 9/11. Presented at Simposio de Análisis Económico, 12/09, SNDE 4/10, ESSIM 5/2010, CeNDEF 5/2010, FRB San Francisco 7/10, SED 7/10, SCE 7/10, ECB 8/10.

- “Employment fluctuations in a dual labor market”**, joint with Juan Francisco Jimeno and Carlos Thomas (Bank of Spain). Bank of Spain Working Paper #1013, 4/10. Presented at Bank of Spain 10/09, ECB-CEPR conference on “European Labour Market Adjustment” 12/09, Univ. Valencia 5/10, Univ. Girona 5/11.
- “Wage, inflation, and employment dynamics with labour market matching”**, joint with Kai Christoffel (ECB), Gregory de Walque (Bank of Belgium), Keith Kuester (FRB Philadelphia), Tobias Linzert (ECB), Stephen Millard (Bank of England), and Olivier Pierrard (Bank of Luxembourg). Bank of Spain Working Paper #918, 8/09. Under revision for *International Journal of Central Banking*.
Previous version: “Inflation dynamics with labour market matching: assessing alternative specifications”, FRB Philadelphia WP 09-6, 3/09; National Bank of Belgium WP 200905-19, 5/09; ECB WP #1053, 5/09, Bank of England WP #375, 8/09.
- “Distributional dynamics under smoothly state-dependent pricing”**, joint with Anton Nakov (Bank of Spain). Federal Reserve Board FEDS Working Paper 2011-50, 11/11; ECB Working Paper #1333, 4/11. *Journal of Monetary Economics* 58 (6-8), pp. 646-665, Sept.-Nov. 2011.
Previous version: “Dynamics of the price distribution in a general model of state-dependent pricing”, Bank of Spain Working Paper #831, 12/08. Presented at ESSIM 5/08, SCE 6/08, EUI 11/08, ECB 1/09, Bank of Spain “Workshop on Monetary Policy”, 2/09, CERGE-EI 3/09, SNDE 4/09, SED 7/09, Bank of France “Understanding price dynamics” workshop, 10/09.
- “Price adjustments in a general model of state-dependent pricing”**, joint with Anton Nakov (Bank of Spain). *Journal of Money, Credit and Banking* 43 (2-3), pp. 385-406, March-April 2011.
Previous version: Bank of Spain Working Paper #824, 11/08. Presented at SNDE 4/08, Bank of Spain 4/08.
- “Bounded rationality and state-dependent sticky plans”**, joint with Anton Nakov (Bank of Spain), work in progress. Presented at IHS Vienna 11/07; Bank of Spain 12/07.
- “On the relevance of saving for labor market fluctuations”**, joint with Michael Reiter (IHS, Vienna). Manuscript, 9/07. Presented at Atlanta Fed 9/07.
- “Productivity shocks and the business cycle: reconciling recent VAR evidence”**, joint with Beatriz de Blas (UAM). Manuscript, 12/06. Presented at UC Davis 5/06; SED 7/06; Bank of Spain 1/07.
- “Employment fluctuations with downward wage rigidity: the role of moral hazard”**, joint with Marcel Jansen (UAM). *Scandinavian Journal of Economics*, 112 (4), pp. 782-811, December 2010.
Previous versions: Bank of Spain Working Paper #632, 11/06, IZA Discussion Paper #4344, 8/09. Presented at Carlos III 6/04; SED 7/04; Simposio de Análisis Económico 12/05; Bank of Spain 3/06; Econometric Society 7/06; UAM 11/06; ECB 12/06; SED 7/07, Bank of Spain 7/08.
- “Multiple outcomes of speculative behavior in theory and in the laboratory”**, joint with Frank Heinemann (TU Berlin) and Peter Ockenfels (Frankfurt). Manuscript, 10/04; updated 6/07. Presented at EEA-ESEM 8/04; Carlos III 4/05; Bank of Spain 7/07.
- “Stabilization versus insurance: welfare effects of procyclical taxation under incomplete markets”**, joint with Michael Reiter (IHS, Vienna). UPF Economics Working Paper #890, 8/05. Presented at SED 6/01; Carlos III 11/04; Stony Brook 1/05; Bern 2/05; MadMac (CEMFI) 4/05; Granada 5/05; SED 6/05; SAET 7/05; Econometric Society 8/05; Valencia 11/05; Bank of Spain 12/05; Alicante 2/06.
- “Business cycles, unemployment insurance, and the calibration of matching models”**, joint with Michael Reiter (IHS, Vienna). *Journal of Economic Dynamics and Control* 32 (4), pp. 1120-55, April 2008.
Previous versions: CESifo Working Paper #1008, 8/03; UPF Economics Working Paper #872, 7/05. Presented at FEDEA 5/03; Carlos III 6/03; Queen Mary 10/03; EEA-ESEM 8/04.

- “A herding perspective on global games and multiplicity”**. *B.E. Journal of Theoretical Economics* Vol. 7: Iss. 1 (Contributions), Article 22, June 2007.
Initial version: U. Carlos III Economics Working Paper 03-29 (08), 5/03. Presented at MadMac (CEMFI) 2/03; UCSC 9/03, Carlos III 4/05.
- “A perturbation analysis of the buffer-stock saving model”**, work in progress. Presented at Carlos III, 3/02.
- “On payoff heterogeneity in games with strategic complementarities”**, joint with Antonio Ciccone (UPF). *Oxford Economic Papers* 56 (4), pp. 701-13, October 2004.
Initial version: UPF Economics Working Paper #546, 4/01.
- “Computing business cycles with endogenous risk”**, joint with Michael Reiter (UPF), 11/00.
Presented at UAB 4/01; CERGE-EI 2/01; UPF 11/00; UCSC 9/00; SED 7/00; SCE 7/00.
- “A simple model of multiple equilibria based on risk”**, UPF Economics Working Paper #407, 7/99. Presented at Econometric Society 1/99; UCSC 9/98; NBER 7/98; SED 6/98; Eur. Wkshp. on Gen. Eq. Theory 5/98; UPF 3/98.
- “On the quantitative importance of wage bargaining models”**, UPF Economics Working Paper #262, 1/98.
- “Unemployment insurance with endogenous search intensity and precautionary saving”**, UPF Economics Working Paper #243, 11/97. Presented at UPF 11/97; UCSC 9/97; U. of Chicago 7/97; SED 6/97; FRB Cleveland 5/97; Royal Holloway College 2/97; U. of Guelph 1/97.
- Unemployment Insurance in a General Equilibrium Model of Job Search and Precautionary Saving**. Dissertation, U. of Chicago, August 1997.
- “A note on wage bargaining in matching models”**, 2/96.
- “General equilibrium unemployment insurance: the exponential utility case”**, 11/95. Presented at NBER 7/96; SEDC 6/96; Econometric Society 6/96; Sloan School 1/96; U. of Chicago 11/95.
- “The battle of the box: a two-agent rational choice model of conflict and property rights”**, 5/93.

POLICY PAPERS

- “Fluctuaciones del empleo en un mercado de trabajo con contratación dual”**, joint with Juan Francisco Jimeno and Carlos Thomas (Bank of Spain). *Boletín Económico* of the Bank of Spain, 03/10.

UNIVERSITY TEACHING

- Graduate Mathematical Methods for Economists, U. of California at Santa Cruz, each September, 1996 - 2009. Also September 2011.
- Undergraduate Labor Economics, U. of California at Davis, Spring 2006.
- Undergraduate Macroeconomics, U. Carlos III, Autumn 2002 - Spring 2005.
Appointed coordinator for 14 groups of Macroeconomics I, Autumn 2003.
- Graduate course on labor markets in macroeconomics, U. Autònoma de Barcelona, Spring 2004
- Graduate Macroeconomics, U. Pompeu Fabra, Autumn 1998 - 2001.
- Undergraduate Macroeconomics, U. Pompeu Fabra, Winter 1998 - Spring 2001.
- Undergraduate Macroeconomics, U. of Chicago, Spring 1996
- Teaching Assistant for Michael Woodford, Graduate Macroeconomics, U. of Chicago, Spring 1995
- Teaching Assistant for Casey Mulligan, Undergraduate Macroeconomics, U. of Chicago, Autumn 1993

OTHER ACADEMIC ACTIVITIES

Refereeing:

Econometrica 2008; *AER* 2009, 2008, 2008, 2007; *JPE* 2005, 2004, 1994; *JEEA* 2009; 2007; *REStud* 2010; *IER* 2006; *EJ* 2005; *EER* 2001, 2000, 2000, 1999, 1998; *Economica* 2001, 1998; *Scand. JE* 2009; *REStat* 2008; *JET* 2008; *B.E. J. of Theoretical Economics* 2010; *JME* 2011, 2008; *JEDC* 2008, 2007, 2006, 2001; *RED* 2009, 2007, 2005, 2001; *B.E. J. of Macroeconomics* 2008, 2007; *Macroeconomic Dynamics* 2004; *JOLE* 2007; *Labour Economics* 2009; *Journal of Economic Surveys* 2007

Academic supervision:

Thesis tribunal member, H. Kiss (U. Alicante) 2009, J. Dorich (UPF) 2008, E. Cárceles (UPF) 2005, M. Blázquez (UC3M) 2003, P. Álvarez (UAB) 2001

Tesina supervisor (UPF), L. Sessa, 1999

Tesina reader (UPF), G. Ferrero, 1999; A. Rosolia, 1998; E. Cárceles, 1998; M. Ebell, 1997

Conference organization:

Program committee, ESCB Day-Ahead Conference on Financial Markets Research, Málaga, August 2012

Program committee, Simposio de Análisis Económico, Valencia, December 2009; Madrid, December 2010; and Málaga, December 2011

Program committee, Society for Nonlinear Dynamics and Econometrics (SNDE) meeting, Atlanta, April 2009; and Istanbul, April 2012

Program committee member and local organizer, European Summer Symposium in International Macroeconomics (ESSIM), Tarragona, Spain, May 2008 and May 2010

Program committee, Society for Economic Dynamics (SED) meeting, Prague, July 2007

Session organizer, Society for Computational Economics (SCE) meeting, Barcelona, July 2000:

“Macrodynamics with Financial Market Imperfections, I and II”

Local organizing committee, SCE meeting, Barcelona, July 2000

Invited discussions:

European Summer Symposium in International Macroeconomics, Tarragona, Spain, 5/10: paper of J. Heathcote, K. Storesletten, and G. Violante.

ECB / CEPR conference on “European labour market adjustment”, Frankfurt, 12/09: paper of M. Dossche and G. de Walque

European Commission DG-EMPL workshop on “Modelling labour markets in the European Union”, Brussels, 6/09: paper of J. Berger, C. Keuschnigg, M. Keuschnigg, M. Miess, L. Strohner, and R. Winter-Ebmer.

ECB / CEPR conference on “Recent trends in European employment”, Frankfurt, 12/08: paper of M. Abbritti and S. Fahr

European Summer Symposium in International Macroeconomics, Tarragona, Spain, 5/08: paper of B. Mackowiak and M. Wiederholt

Fundación Ramón Areces conference on European and US labor markets, Madrid, 5/08: paper of P. Krusell, T. Mukoyama, R. Rogerson, and A. Sahin

IESE / CEPR “Complementarities and Information” conference, Barcelona, 6/07: paper of Olga Shurchkov

Bank of Spain conference on housing finance, Madrid, 3/07: paper of L. Calvet, J. Campbell, and P. Sodini

Fundación Ramón Areces conference on subjective expectations, Madrid, 3/06: paper of Chris Carroll
CEPR “International Finance and Economic Activity” conference, Vouliagmeni, Greece, 6/00: paper of Jinill Kim

UPF conference on heterogeneous agents, Barcelona, 6/99: paper of Jeffrey Campbell

Other

Economics recruiting manager, U. Pompeu Fabra, 1999 and 2000
Participant in Complex Systems Summer School, Santa Fe Institute, 6/95
Research assistant for Michael Woodford, Summer 1994 and Summer 1993

RESPONSIBILITIES at BANK OF SPAIN

Recruiting manager, Research Division, 2011-12.
Managed design and implementation of Economics Research Portal webpage, 2007.
Representative of the Bank of Spain at the meetings of the Eurosystem Wage Dynamics Network (Macroeconomics group), 2006-2009.

EARLIER WORK EXPERIENCE

Consultant, U.N. Development Program, National Directorate of Statistics of Mozambique, 3/91-9/91
High School Mathematics and Science Teacher, U.S. Peace Corps, Swaziland, 11/88-1/91
Research Assistant, Gibson Economics, Seattle, USA 1/88-9/88

PERSONAL INFORMATION

Citizenship: US
Residency and work permission in Spain

LANGUAGE SKILLS

English: native speaker
Spanish: fluent
French and Portuguese: intermediate

CONTACT INFORMATION

División de Investigación, Servicio de Estudios
Banco de España
Calle Alcalá 48
28014 Madrid, Spain

Phone: (+34) 91-338-5732
e-mail: james.costain@bde.es

*****Main web page: <http://www.bde.es/investigador/staff/16.htm>

REFERENCES

Prof. Antonio Cabrales
Dept. of Economics, Univ. Carlos III

Prof. Juan José Dolado
Dept. of Economics, Univ. Carlos III

Prof. Albert Marcet
Institut d' Anàlisi Econòmica, Universitat Autònoma de Barcelona

Prof. Chris Telmer
Tepper School of Business, Carnegie Mellon University

Prof. Carl Walsh
Economics Department, Univ. of California at Santa Cruz