

JAMES S. COSTAIN

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Economist, Monetary Policy and Macroeconomic Analysis Division, Banco de España

Research interests: Business cycle models with frictions and strategic complementarities.

Matching and bargaining. Near-rational decision-making.

ACADEMIC and PROFESSIONAL POSITIONS

Staff Economist, Bank of Spain. Research Division, 9/06-11/15; Modelling and Macroeconomic Analysis Division, 11/15-6/18; Monetary Policy and Macroeconomic Analysis Division, 01/20-present. Senior Economist (ESCB-IO program), Monetary Policy Research Division, European Central Bank, 7/18-12/19.

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

Research Fellow, Research Division, Bank of Spain, 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, Univ. of California at Santa Cruz, each September, 1996-2009 and 2011-2017.

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

“**Costly decisions, rigid wages, and frictional labor reallocation**”, joint with Anton Nakov (ECB). Work in progress. Presented at EEA-ESEM 8/19.

“**Costly decisions and retail pricing: Control costs, rational inattention, and sales**”, joint with Anton Nakov (ECB) and Luca Riva (Brown University). Work in progress. Presented at SCE 6/19, ECB PRISMA workshop 9/19.

“**Monetary policy implications of state-dependent prices and wages**”, joint with Anton Nakov (ECB) and Borja Petit-Zarzalejos (CEMFI). CEPR Discussion Paper 13398, December 2018; Bank of Spain Working Paper 1910, April 2019; ECB Working Paper 2272, April 2019. Presented at SCE 6/16, EEA-ESEM 8/16, ESCB Cluster 1 Annual Workshop (Madrid) 10/17, Danmarks Nationalbanken 4/18, ECB 10/18, 8th Bundesbank-CFS-ECB Workshop on Macro and Finance 11/18, EUI 2/19.

- “Fiscal delegation in a monetary union: Instrument assignment and stabilization properties”**, joint with Henrique Basso (Bank of Spain). Bank of Spain Working Paper 1710, March 2017. Presented at Bank of Spain 6/16 and 10/16, UCSC 9/16, Bank of Finland 10/16, Simposio de la Asociación Española de Economía 12/16, Bank of Italy “Workshop on Public Finance”, 3/17, ADEMU “Fiscal union” conference, Madrid, 5/17, Gerard Varet conference 6/17, SCE 6/17, APET 7/17, EEA 8/17.
- “Costly decisions and sequential bargaining”**, Bank of Spain Working Paper 1729, August 2017. Presented at Bank of Spain 3/14, Univ. of Murcia 6/14, SCE 6/14, Carlos III 12/14, SaM 5/15, ESSIM 5/15, SCE 6/15, Workshop on Theoretical and Experimental Macroeconomics, Stony Brook, 7/17.
- “Fiscal delegation in a monetary union with decentralized public spending”**, joint with Henrique Basso (Bank of Spain). *CESifo Economic Studies* 62 (2), pp. 256-288, June 2016. Previous versions: CESifo Working Paper 5775, 2/16; Bank of Spain Working Paper 1311, 9/13. Presented at CFE-ERCIM 12/12, Bank of Spain 3/13, Bank of England 4/13, ECB-CFS Joint Lunch Seminar 5/13, EEA-ESEM 8/13, ECB Public Finance Workshop 10/13, BI Business School (Oslo) 10/13, Simposio de la Asociación Española de Economía 12/13, Bundesbank/IfW workshop on “Fiscal Policy and Macroeconomic Performance” (Frankfurt) 7/14, CESifo conference on “Rethinking the Need for a Fiscal Union in the Eurozone” (Venice) 7/15.
- “Logit price dynamics”**, joint with Anton Nakov (ECB). *Journal of Money, Credit and Banking* 51 (1), pp. 43-78, January 2019. Previous versions: Bank of Spain Working Paper 1301, 1/13; ECB Working Paper 1693, 7/14; CEPR Discussion Paper 10731, 7/15. Presented at UCSC 9/11, Simposio de la Asociación Española de Economía 12/11, T2M (Nantes) 5/12, ESSIM 5/12, Bank of Spain 6/12, SCE 6/12, EEA-ESEM 8/12, CREST 2/13, FRB Richmond 3/13, NBER Monetary Economics Workshop (FRB Chicago) 3/13, Bank of England 4/13, Barcelona GSE Summer Forum 6/13, conference of the International Network on Expectations and Coordination (NYU) 2/14, Vienna Macro Workshop 10/14.
- “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). Economic Analysis Working Paper Series 11/2012, Univ. Autónoma de Madrid, 5/12. Presented at Bank of Spain, 12/11 and 5/12.
- “Smoothing shocks and balancing budgets in a currency union”**, joint with Beatriz de Blas (Univ. Autónoma de Madrid). *Moneda y Crédito* 234, pp. 37-91, September 2012. Previous version: 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, Journées Gérard-Varet, 6/12, SED 6/12, UCSC 9/12, Cycles and Policy Conference (Aarhus) 10/12.
- “Precautionary price stickiness”**, joint with Anton Nakov (ECB). *Journal of Economic Dynamics and Control* 58, pp. 218-234, September 2015. Previous versions: CEPR Discussion Paper 9912, 3/14; 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. 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-CFS Joint Lunch Seminar 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

“Price and wage setting when accurate decisions are costly: Implications for monetary policy transmission”, joint with Anton Nakov (European Central Bank). *ECB Research Bulletin* 59, June 2019. Also published as Vox EU column, 6/19.

“Fiscal councils: A first step towards fiscal delegation in Europe?”, joint with Henrique Basso (Bank of Spain). Chapter 16 in CEPR e-book *Independent Fiscal Councils: Watchdogs or Lapdogs?* (2018), edited by R. Beetsma and X. Debrun.

“Fiscal delegation in the European context”, joint with Henrique Basso (Bank of Spain), *Banco de España Research Update*, Fall 2016.

“Macroprudential theory: advances and challenges”, joint with Henrique Basso (Bank of Spain), *Financial Stability Journal (Revista de Estabilidad Financiera)* 31, November 2016, pp. 27-42. Previous version: Bank of Spain Occasional Paper 1604, 3/16. Presented at Bank of Spain, 5/16.

“Errors as a source of macroeconomic frictions”, joint with Anton Nakov (ECB), VoxEU, 10/15.

“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 and 2011-2017.

Graduate seminar, “Recent models of adjustment frictions”, UC Santa Cruz, September 2014.

Undergraduate Labor Economics, UC 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* 2014, 2009, 2007; *REStud* 2018, 2010; *IER* 2006; *EJ* 2016, 2012, 2005; *EER* 2015, 2001, 2000, 2000, 1999, 1998; *Economica* 2001, 1998; *EJPE* 2018; *Manchester School* 2018; *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* 2016, 2009; *Journal of Economic Surveys* 2007

Academic supervision:

Thesis tribunal member, O. Kuznetsova (ENS Paris-Saclay) 2017, O. Rachedi (UC3M) 2015, D. Matveev (UAB) 2015, L. Laureys (UPF) 2013, 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, Third Annual Meeting, ESCB Research Cluster 2, Bundesbank, December 2019.
Co-organizer, Second Annual Meeting, ESCB Research Cluster 2, Banque de France, November 2018.
Co-organizer, First Annual Meeting, ESCB Research Cluster 2, Banco de España, November 2017.
Co-organizer, ESCB Research Cluster 2 “Workshop on Competitiveness and Current Account Imbalances”, Paris, June 2017.
Scientific and organizing committee member, conference on “Fiscal Sustainability: XXI Century”, Banco de España, June 2016.
Program committee member and local organizer, European Summer Symposium in International Macroeconomics (ESSIM), Tarragona, Spain, May 2008, May 2010, and May 2014; local organizer May 2012 and 2017.
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; Istanbul, April 2012.
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:

Third Banco de España Annual Research Conference, 9/19: paper of E. Farhi and I. Werning.
Second Annual Workshop, ESCB Research Cluster on Monetary Economics, Bank of Italy, 10/18: paper of G. Gaballo and E. Mengus.
Bank of Italy - CEPR conference on “Low inflation, low wage dynamics”, Rome, 9/18: paper of K. Lansing.
Fourth World Bank - Banco de España Research Conference, Madrid, 6/18: paper of J. Hollmayr.
First Annual Workshop, ESCB Research Cluster on Monetary Economics, Bank of Spain, 10/17: paper of R. Masolo and F. Monti.
European Summer Symposium in International Macroeconomics, Tarragona, Spain, 5/17: paper of A. Abraham, E. Cárceles-Poveda, Y. Liu, and R. Marimon.
Bank of Spain “Seminar on Economic History”, 10/16: paper of V. Bignon and C. Jobst.
Banque de France conference on “Price setting and inflation”, 12/15: paper of E. Pasten, R. Schoenle, and M. Weber.
Bank of Spain conference on “Structural reforms in the wake of recovery”, 6/15: paper of J. Dolado, E. Lalé, and N. Siassi.
Annual Inflation Targeting Seminar of the Banco Central do Brasil, Rio de Janeiro, 5/14: papers of S. Lago Alves and A. Trigari.

FRB Richmond / Univ. of Kiel conference on “New developments in the macroeconomics of labor markets”, Kiel, 11/13: paper of R. Bachmann, C. Bayer, S. Seth, and F. Wellschmeid.

Bank of Spain conference on “Expectations and Macroeconomics”, 6/13: paper of G. Ferrero, M. Miccoli, and S. Santoro.

ECB conference on “Debt, Growth, and Macroeconomic Policies”, Frankfurt, 12/12: paper of M. Denes, G. Eggertsson, and S. Gilbukh.

Bank of Finland / CEPR / FRB Philadelphia conference on “Search frictions and aggregate dynamics”, Helsinki, 10/12: paper of C. Bauer and J.V. Rodríguez Mora.

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

PROFESSIONAL ACTIVITIES

Coordinator (joint with Antoine Berthou, Banque de France) of ESCB Research Cluster 2, 2017-18.
 Research areas addressed by the Cluster include: *international macroeconomics, fiscal policy, labor economics, competitiveness, and EMU governance.*

Editor, Banco de España *Research Update*, 2014-2018.

Managed design and implementation of Banco de España *Research Update* publication, 2013-14.

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
Married, two children
Residency and work permission in Spain

LANGUAGE SKILLS

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

CONTACT INFORMATION

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Main web page:

<https://sites.google.com/site/jimcostain/>

Banco de España web profile:

http://www.bde.es/investigador/en/menu/research_staff_a/Costain__James.html