

Patrick J. Kehoe

Business Address

Research Department
Federal Reserve Bank of Minneapolis
90 Hennepin Avenue
Minneapolis, MN 55480
Phone: 612-204-5525
Fax: 612-204-5515
Email: pkehoe@res.mpls.frb.fed.us

Home Address

1924 Irving Avenue S
Minneapolis, MN 55403

Education

1986 *Harvard University*, Ph.D., Economics
1979 *McGill University*, Coursework for M.A., Statistics
1978 *Providence College*, B.A., Mathematics and Russian

Work Experience

2002–present Frenzel Professor of International Economics, *University of Minnesota*
1997–present Monetary Adviser, *Federal Reserve Bank of Minneapolis*
1989–96 Consultant, *Federal Reserve Bank of Minneapolis*
1995–99 Ronald S. Lauder Professor of International Economics,
University of Pennsylvania
1992–95 Ronald S. Lauder Associate Professor of International Economics,
University of Pennsylvania
1991–92 Visiting Associate Professor, *University of Chicago*
1991–92 Associate Professor, *University of Minnesota*
1984–91 Assistant Professor, *University of Minnesota*

Professional Affiliations

Fellow of the *Econometric Society*
2004–present Associate Editor, *Journal of Money, Credit, and Banking*
2002–present Associate Editor, *American Economic Review*
2000–present Co-editor, *Quarterly Review of Economics*
2001–6 Associate Editor, *Journal of International Economics*

- 1997–present Associate Editor, *Macroeconomic Dynamics*
- 1995–present Research Associate, National Bureau of Economic Research
- 1993–2001 Editorial Board, *International Economic Review*
- 1992–96 Associate Editor, *International Economic Review*

Journal Articles

- “The New Keynesian Models: Not Yet Useful for Policy Analysis,” with V. V. Chari and Ellen R. McGrattan, forthcoming in *American Economic Journal: Macroeconomics*.
- “Time Varying Risk, Interest Rates, and Exchange Rates,” joint with Fernando Alvarez and Andrew Atkeson, forthcoming in *Review of Economic Studies*.
- “On the Need for a New Approach to Monetary Policy,” with Andrew Atkeson, forthcoming, *NBER Macroeconomics Annual*.
- “Are Structural VARs with Long-Run Restrictions Useful in Developing Business Cycle Theory,” *Journal of Monetary Economics*, November 2008.
- “Time Inconsistency and Free-Riding in a Monetary Union,” with V. V. Chari, forthcoming, *Journal of Money, Credit, and Banking*, (2nd OSU Macroeconomics Lecture), October 2008.
- “On the Need for Fiscal Constraints in a Monetary Union,” with V. V. Chari, *Journal of Monetary Economics*, November 2007.
- “If Exchange Rates are Random Walks, Then Almost Everything We Say About Monetary Policy Is Wrong,” with Fernando Alvarez and Andrew Atkeson, *American Economic Review*, May 2007.
- “Business Cycle Accounting,” with V. V. Chari and Ellen McGrattan, *Econometrica*, May 2007.
- “Modeling the Transition to a New Economy: Lessons from Two Technological Revolutions,” with Andrew Atkeson, *American Economic Review*, March 2007.
- “Modern Macroeconomics in Practice: How Theory Is Shaping Policy,” with V. V. Chari, *Journal of Economic Perspectives*, Fall 2006.
- “Modeling and Measuring Organization Capital,” with Andrew Atkeson, *Journal of Political Economy*, October 2005.
- “The Optimal Degree of Discretion in Monetary Policy,” with Susan Athey and Andrew Atkeson, *Econometrica*, September 2005.
- “Sudden Stops and Output Drops,” with V. V. Chari and Ellen McGrattan, *American Economic Review*, May 2005.
- “Financial Crises as Herds: Overturning the Critiques,” with V. V. Chari, *Journal of Economic Theory*, November 2004.
- “Competitive Equilibria With Limited Enforcement,” with Fabrizio Perri, *Journal of Economic Theory*, November 2004

- “Deflation and Depression: Is There an Empirical Link?” with Andrew Atkeson, *American Economic Review*, May 2004.
- “The Time Consistency of Optimal Monetary and Fiscal Policies,” with Fernando Alvarez and Pablo Andrés Neumeyer, *Econometrica*, March 2004.
- “Hot Money,” with V. V. Chari, *Journal of Political Economy*, December 2003.
- “Can Sticky Price Models Generate Volatile and Persistent Exchange Rates?” with V. V. Chari and Ellen R. McGrattan, *Review of Economic Studies*, August 2002.
- “Accounting for the Great Depression,” with V. V. Chari and Ellen R. McGrattan, *American Economic Review*, May 2002. Reprinted in *Federal Reserve Bank of Minneapolis Quarterly Review*, Spring 2003.
- “International Business Cycles with Endogenous Incomplete Markets,” with Fabrizio Perri, *Econometrica*, May 2002.
- “Policy-Driven Productivity in Chile and Mexico in the 1980’s and 1990’s,” with Raphael Bergoeing, Timothy J. Kehoe, and Raimundo Soto, *American Economic Review*, May 2002. Reprinted in *Federal Reserve Bank of Minneapolis Quarterly Review*, Winter 2002.
- “Money, Interest Rates, and Exchange Rates With Endogenously Segmented Markets,” with Fernando Alvarez and Andrew Atkeson, *Journal of Political Economy*, February 2002.
- “A Decade Lost and Found: Mexico and Chile in the 1980s,” with Raphael Bergoeing, Timothy J. Kehoe, and Raimundo Soto, *Review of Economic Dynamics*, January 2002.
- “Sticky Price Models of the Business Cycle: Can the Contract Multiplier Solve the Persistence Problem?” with V. V. Chari and Ellen R. McGrattan, *Econometrica*, September 2000.
- “Models of Energy Use: Putty-Putty versus Putty-Clay,” with Andrew Atkeson, *American Economic Review*, September 1999.
- “Models of Sovereign Debt: Partial versus General Reputations,” with Harold L. Cole, *International Economic Review*, February 1998.
- “Optimality of the Friedman Rule in Economies With Distorting Taxes,” with V. V. Chari and Lawrence J. Christiano, *Journal of Monetary Economics*, April 1996.
- “Social Insurance and Transition,” with Andrew Atkeson, *International Economic Review*, May 1996.
- “The Role of Institutions in Reputation Models of Sovereign Debt,” with Harold L. Cole, *Journal of Monetary Economics*, February 1995.
- “Optimal Fiscal Policy in a Business Cycle Model,” with V. V. Chari and Lawrence J. Christiano, *Journal of Political Economy*, August 1994.
- “Dynamics of the Trade Balance and the Terms of Trade: The J-Curve?” with David K. Backus and Finn E. Kydland, *American Economic Review*, March 1994.
- “Sustainable Plans and Debt,” with V. V. Chari, *Journal of Economic Theory*, December 1993. Reprinted in *The Legacy of Robert Lucas, Jr.*, Vol. 3, ed. Kevin D. Hoover, Elger, 1999.
- “Sustainable Plans and Mutual Default,” with V. V. Chari, *Review of Economic Studies*, January 1993.
- “In Search of Scale Effects in Trade and Growth,” with David K. Backus and Timothy J. Kehoe, *Journal of Economic Theory*, December 1992.

- “International Evidence on the Historical Properties of Business Cycles,” with David K. Backus, *American Economic Review*, September 1992.
- “International Real Business Cycles,” with David K. Backus and Finn E. Kydland, *Journal of Political Economy*, August 1992.
- “Optimal Fiscal and Monetary Policy: Some Recent Results,” with V. V. Chari and Lawrence J. Christiano, *Journal of Money, Credit, and Banking*, August 1991. Reprinted in *Political Economy, Growth, and Business Cycles*, ed. Alex Cukierman, Zvi Hercowitz, and Leonardo Leiderman, MIT Press, 1992.
- “Sustainable Plans,” with V. V. Chari, *Journal of Political Economy*, August 1990. Reprinted in *Monetary and Fiscal Policy*, Vol. 1, *Credibility*, ed. Torsten Persson and Guido Tabellini, MIT Press, 1994.
- “International Coordination of Fiscal Policy in Limiting Economies,” with V. V. Chari, *Journal of Political Economy*, June 1990.
- “On the Denomination of Government Debt: A Critique of the Portfolio Balance Approach,” with David K. Backus, *Journal of Monetary Economics*, May 1989.
- “Policy Cooperation Among Benevolent Governments May Be Undesirable,” *Review of Economic Studies*, April 1989.
- “Coordination of Fiscal Policies in a World Economy,” *Journal of Monetary Economics*, May 1987.

Other Publications

- “Taxing Capital Income: A Bad Idea,” with Andrew Atkeson and V. V. Chari, *Federal Reserve Bank of Minneapolis Quarterly Review*, Summer 1999.
- “Optimal Fiscal and Monetary Policy,” with V. V. Chari, in *Handbook of Macroeconomics*, Vol. 1C, ed. John B. Taylor and Michael Woodford, Elsevier Science, North-Holland, 1999.
- “Asking the Right Questions About the IMF,” with V. V. Chari, *Federal Reserve Bank of Minneapolis Annual Report*, 1998.
- “Reviving Reputation Models of International Debt,” with Harold L. Cole, *Federal Reserve Bank of Minneapolis Quarterly Review*, Winter 1997.
- “Los Modelos de Equilibrio General Aplicado de Política Comercial” (with English summary), with Timothy J. Kehoe, *Cuadernos Economicos de I.C.E.*, 1995.
- Modeling North American Economic Integration*, ed. with Timothy J. Kehoe, Kluwer Academic Publishers, 1995.
- “Policy Analysis in Business Cycle Models,” with V. V. Chari and Lawrence J. Christiano, in *Frontiers of Business Cycle Research*, ed. Thomas F. Cooley, Princeton University Press, 1995.
- “Capturing NAFTA’s Impact With Applied General Equilibrium Models,” with Timothy J. Kehoe, *Federal Reserve Bank of Minneapolis Quarterly Review*, Spring 1994. Reprinted in *Modeling North American Economic Integration*, ed. Patrick J. Kehoe and Timothy J. Kehoe, Kluwer Academic Publishers, 1995.

- “A Primer on Static Applied General Equilibrium Models,” with Timothy J. Kehoe, *Federal Reserve Bank of Minneapolis Quarterly Review*, Spring 1994. Reprinted in *Modeling North American Economic Integration*, ed. Patrick J. Kehoe and Timothy J. Kehoe, Kluwer Academic Publishers, 1995.
- “Relative Price Movements in Dynamic General Equilibrium Models of International Trade,” with David K. Backus and Finn E. Kydland, in *Handbook of International Macroeconomics*, ed. Frederick van der Ploeg, Blackwell, 1994.
- “International Business Cycles: Theory vs. Evidence,” with David K. Backus and Finn E. Kydland, *Federal Reserve Bank of Minneapolis Quarterly Review*, Fall 1993. Reprinted in *Frontiers of Business Cycle Research*, ed. Thomas F. Cooley, Princeton University Press, 1995.
- “Policy Cooperation Among Benevolent Governments May Be Undesirable: An Extension,” *International Economic Policy Coordination*, ed. Carlo Carraro et al., Blackwell, 1991.
- “Time Consistency and Policy,” with V. V. Chari and Edward C. Prescott, in *Handbook of Modern Business Cycle Theory*, ed. Robert J. Barro, Harvard University Press, 1989.

Comments

- “Comment on M. Obstfeld, ‘Open-Economy Macroeconomics: Developments in Theory and Policy,’” *Scandinavian Journal of Economics*, 1998.
- “Transition in Eastern Europe: A Comment on Blanchard,” *Macroeconomic Manual*, 1994.
- “Fiscal Policies and International Financial Markets: Comment,” in *International Aspects of Fiscal Policy*, ed. Jacob Frenkel, University of Chicago Press, 1988.
- “On the Roles of International Financial Markets and Their Relevance for Economic Policy: Comment,” *Journal of Money, Credit, and Banking*, August 1988.

Unpublished Research Papers

Submitted to Journals:

- “Temporary Price Changes and the Real Effects of Monetary Policy,” with Virgiliu Midrigan, submitted to the *American Economic Review*. [WP 652]
- “Facts and Myths about the Financial Crisis of 2008,” with V. V. Chari and Lawrence Christiano. [WP 666]
- “Sophisticated Monetary Policies,” with Andrew Atkeson and V. V. Chari, third resubmission prepared for the *Quarterly Journal of Economics*. [SR 297]
- “The First Mover Advantage in R&D: A Neoclassical Perspective,” with Andrew Atkeson, revising for resubmission to *Quarterly Journal of Economics*. [SR 256]
- “The Poverty of Nations: A Quantitative Investigation,” with V. V. Chari and Ellen R. McGrattan, revising for resubmission to *American Economic Review*. [SR 204]
- “Sticky Prices and Sectoral Real Exchange Rates,” with Virgiliu Midrigan. [WP 656]

In Progress:

“The Behavior of Small and Large Firms over the Business Cycle,” with V. V. Chari and Lawrence Christiano.

“Sticky Wages and the Great Depression,” with Ellen R. McGrattan.

“Real Exchange Rates With Endogenous Incomplete Markets,” with Fabrizio Perri.

Thesis Advising and Ph.D. Committees (Past 5 Years)

Julian Diaz (Bowdoin College), Lukasz Drozd (Univ. of Wisc.), Jarek Nosal (Columbia Univ.), Vadym Lepetyuk (Univ. of Alicante), Daniil Manaenkov (Univ. of Minn.), Pricila Maziero (Univ. of Minn.), Christian Stoltenberg (Univ. of Berlin, co-adviser), Juan Sole (Univ. of Minn.), Mikhail Golosov (Univ. of Minn.), Felipe Meza (Univ. of Minn.).

Honors and Awards

- | | |
|-----------|---|
| 2002–5 | <i>National Science Foundation</i> Grant, Asset Market Frictions in International Business Cycle Models |
| 1997–2000 | <i>National Science Foundation</i> Grant, Quantitative International Business Cycle Models With Frictions |
| 1996–97 | University Research Foundation Grant, <i>University of Pennsylvania</i> |
| 1995–97 | <i>National Science Foundation</i> Grant; Industry Evolution, Transition and Trade (co-principal investigator with Andrew Atkeson) |
| 1993–94 | University Research Foundation Grant, <i>University of Pennsylvania</i> |
| 1993–94 | Kei Mori Fund in Economics, <i>University of Pennsylvania</i> |
| 1992–94 | <i>National Science Foundation</i> Grant, General Equilibrium Models With Incomplete Contracting (co-principal investigator with Edward Prescott) |
| 1989–91 | <i>National Science Foundation</i> Grant, International Productivity and Risk Sharing (co-principal investigator with David Backus) |
| 1987–89 | <i>National Science Foundation</i> Grant, International Business Cycles: Theory and Evidence (co-principal investigator with David Backus) |
| 1987–88 | <i>University of Minnesota</i> Graduate School Research Grant, International Evidence on Business Cycles |
| 1986–87 | <i>Alfred P. Sloan Foundation</i> Grant |