

PROJECTING POTENTIAL GROWTH: ISSUES AND MEASUREMENT



Federal Reserve Bank of St. Louis

**33rd Annual
Economic Policy Conference**

October 16-17, 2008

PROJECTING POTENTIAL GROWTH: ISSUES AND MEASUREMENT

All conference events will take place at the
Federal Reserve Bank of St. Louis, Sixth Floor.

Thursday, October 16, 2008

- 7:30 AM** **Continental Breakfast**
Auditorium pre-function area
- 8:30 AM** **Opening Remarks**
James B. Bullard, President,
Federal Reserve Bank of St. Louis
- 8:45-10:15 AM**
**“What Do We Know and Not Know About
Potential Growth of the United States Economy?”**
- Presenters: **John Fernald,**
Federal Reserve Bank of San Francisco
Susanto Basu,
Boston College
- Discussant: **Rodolfo E. Manuelli,**
Washington University in St. Louis
- 10:15-10:30 AM** **Break**
Auditorium pre-function area
- 10:30-12:00 PM**
**“Potential Growth in the OECD Countries:
A Comparative Study”**
- Presenters: **Christophe Cahn,**
Banque de France
Arthur Saint-Guilhem,
European Central Bank
- Discussant: **Jon Faust,**
Johns Hopkins University
- 12:00 PM** **Lunch**
River Room

1:15-2:45 PM

**“Parsing Shocks: Real-Time Revisions to
Gap Growth and Projections for Canada”**

Presenters: **Russell Barnett,
Sharon Kozicki, and
Christopher Petrinec**
Bank of Canada

Discussant: **Gregor W. Smith,**
Queen’s University

2:45-3:00 PM Break
Auditorium pre-function area

*NOTE: The next two papers will be presented
consecutively, followed by a discussion after the break.*

3:00-4:30 PM

**“The Challenges of Estimating
Potential Output in Real Time”**

Presenter: **Robert W. Arnold,**
Congressional Budget Office

**“Projecting Potential Growth
at Macroeconomic Advisers”**

Presenter: **Ken Matheny,**
Macroeconomic Advisers

4:30-4:45 PM Break
Auditorium pre-function area

Discussants: **Robert J. Tetlow,**
Board of Governors of the
Federal Reserve System
Ellis W. Tallman,
Oberlin College

6:00 PM Reception
Auditorium pre-function area

7:00 PM Dinner
River Room

Friday, October 17, 2008

7:30 AM Continental Breakfast
Auditorium pre-function area

8:30-10:00 AM
**“Measuring Potential Output in a Rapidly
Developing Economy: The Case of China”**

Presenter: **Jinghai Zheng,**
University of Gothenburg

Discussant: **Xiaodong Zhu,**
University of Toronto

10:00-11:30 AM
**“Projecting U.S. Potential GDP Growth with
Vintage Data in a State-Space Framework”**

Presenters: **Richard G. Anderson and
Charles S. Gascon,**
Federal Reserve Bank of St. Louis

Discussant: **Dean Croushore,**
University of Richmond

11:30-11:45 AM Break
Auditorium pre-function area

11:45-1:00 PM
**Panel Discussion: “The Role of
Potential Growth in Policymaking”**

Panelists: **Mário Mesquita,**
Central Bank of Brazil
Seppo Honkapohja,
Bank of Finland
James B. Bullard,
Federal Reserve Bank of St. Louis

1:00 PM Box Lunch Buffet
*River Room: Eat at the Bank
or take-away*

Richard G. Anderson

Federal Reserve Bank of St. Louis

Richard G. Anderson is an economist and vice president at the Federal Reserve Bank of St. Louis. Before joining the St. Louis Fed, he was an economist in the division of monetary affairs at the Board of Governors of the Federal Reserve System and a faculty member at the University of Michigan, Ohio State University, and Michigan State University. He also is a visiting scholar in the School of Business at Aston University, Birmingham, U.K. He received his doctorate in economics from Massachusetts Institute of Technology.

Robert W. Arnold

Congressional Budget Office

Robert W. Arnold is a principal analyst in the macroeconomic analysis division at the Congressional Budget Office. He is a regular contributor to the CBO's semi-annual report, *The Economic and Budget Outlook*. Before joining CBO, he worked in the business operations analysis division at AT&T's corporate headquarters, where he consulted with various internal clients, forecasting demand for new services. He received his doctorate in economics from Rutgers University.

Russell Barnett

Bank of Canada

Russell Barnett is a principal researcher in the current analysis division at the Bank of Canada. At the Bank, he has held positions in the Canadian projection and model development and current analysis divisions. Before joining the Bank, he was with the Canadian Department of Finance in Ottawa, where he worked as an economist in the economic and fiscal policy branch. He received his masters degree in economics from the University of Victoria.

Susanto Basu

Boston College

Susanto Basu is a professor in the department of economics at Boston College. His affiliations include the NBER, visiting scholar at the Federal Reserve Bank of Boston, visiting professor at Harvard University's department of economics, and the Executive Committee Conference on Research in Income and Wealth. He received his doctorate from Harvard University.

James B. Bullard

Federal Reserve Bank of St. Louis

James B. Bullard is president and chief executive officer of the Federal Reserve Bank of St. Louis. He is currently a co-editor of the *Journal of Economic Dynamics and Control*. He has taught at Washington University in St. Louis, University of Missouri, and Southern Illinois University. He received his doctorate in economics from Indiana University.

Christophe Cahn

Banque de France

Christophe Cahn has been an economist in the macroeconomic studies and forecasting department for the Banque de France since 2004. His previous positions include serving as a financial analyst at Gaz de France and Ernst & Young, France. He currently is a doctoral candidate at the Paris School of Economics.

Dean Croushore

University of Richmond

Dean Croushore is associate professor of economics and Rigsby Fellow at the University of Richmond and director of the Real-Time Data Research Center at the Federal Reserve Bank of Philadelphia. Before joining the University of Richmond, he held a faculty position at Penn State University and was an economist and vice president at the Federal Reserve Bank of Philadelphia where, with colleague Tom Stark, he created the first real-time economics dataset. He serves as an associate editor for the *Journal of Money, Credit, and Banking* and the *International Journal of Forecasting*. He received his doctorate in economics from Ohio State University.

Jon Faust

Johns Hopkins University

Jon Faust is professor of economics in the economics department and director of the Center for Financial Economics at Johns Hopkins University. Before joining Johns Hopkins, he was assistant director of the International Finance Division at the Board of Governors of the Federal Reserve System. He continues to be an economic consultant for the Federal Reserve Board. Jon has served on the National Science Foundation Economics Panel and as an associate editor for the *Journal of Business Economics and Statistics*. He received his doctorate in economics from the University of California–Berkeley.

John Fernald

Federal Reserve Bank of San Francisco

John Fernald is a vice president in the economic research department of the Federal Reserve Bank of San Francisco. Before joining the San Francisco Fed, he was an economist and economic advisor at the Federal Reserve Bank of Chicago and an economist at the Board of Governors of the Federal Reserve System. He previously served as senior economist for the White House Council of Economic Advisers. He taught at the University of Chicago Graduate School of Business and the University of Michigan. He received his doctorate in economics from Harvard University.

Charles S. Gascon

Federal Reserve Bank of St. Louis

Charles S. Gascon is a senior research associate at the Federal Reserve Bank of St. Louis. His research interests include macroeconomics and time-series econometrics. He received his master's degree in economics from the University at Albany.

Seppo Honkapohja

Bank of Finland

Seppo Honkapohja is a member of the Board of the Bank of Finland, with responsibility for research and information technology. Before joining the Bank, he was a professor of international macroeconomics at the University of Cambridge and a professor at the University of Helsinki's Turku School of Economics and Business Administration. He serves as a research fellow for the Centre for Economic Policy Research (CEPR). He previously served as an associate editor for the *Scandinavian Journal of Economics*. He received his doctorate from the University of Helsinki.

Sharon Kozicki

Bank of Canada

Sharon Kozicki is an economist and senior officer in the Research Department of the Bank of Canada. Before joining the Bank of Canada, she was vice president and economist at the Federal Reserve Bank of Kansas City and an economist with the Board of Governors of the Federal Reserve System. She is currently a member of the Executive Council of the Canadian Economic Association and on the Advisory Board of the Centre for Applied Macroeconomic Analysis. She is also an associate editor of *Macroeconomic Dynamics* and the *Journal of Applied Economics* and is on the editorial board of the *Journal of Macroeconomics*. She received her doctorate in economics from the University of California–San Diego.

Rodolfo E. Manuelli

Washington University in St. Louis

Rodolfo E. Manuelli is a professor in the department of economics at Washington University in St. Louis. Before joining Washington University, he was a professor of economics at the University of Wisconsin. Previously, he taught at the Graduate School of Business at Stanford University and Kellogg School of Management at Northwestern University, and he was a visiting scholar at the Federal Reserve Bank of Minneapolis. He received his doctorate in economics from the University of Minnesota.

Ken Matheny

Macroeconomic Advisers

Ken Matheny is a senior economist at Macroeconomic Advisers, St. Louis, Missouri, where he contributes to the development of MA's proprietary macroeconomic forecasting modeling software and assists clients in the use of MA's economic models and software. He is a member of the American Economic Association and the National Association for Business Economics and past president of the Gateway Chapter (St. Louis) of the National Association for Business Economics. Before joining Macroeconomic Advisers, he was an assistant professor at the Krannert School of Management at Purdue University and a commercial banker. He received his doctorate from Anderson Graduate School of Management, University of California–Los Angeles.

Mário Mesquita

Central Bank of Brazil

Mário Mesquita is the deputy governor for economic policy for the Central Bank of Brazil. Before assuming this position, he was a deputy governor for special studies. Before joining the Central Bank, his previous positions include chief economist for Latin America and Brazil at ABN AMRO Real Bank, director of ABN AMRO Real Broker Research, and chief economist for Brazil ING Bank. He received his doctorate in economics from the University of Oxford.

Christopher Petrinec

Bank of Canada

Christopher Petrinec is a research assistant in the research department of the Bank of Canada. He has been involved in various projects at the Bank ranging from a financial literacy initiative to the development of Canadian macro models. He has a bachelor's degree in economics and business from York University and is a December 2008 Level 1 candidate pursuing the CFA designation.

Arthur Saint-Guilhem

European Central Bank

Arthur Saint-Guilhem is senior economist in the global economy department of the macroeconomic division at the European Central Bank. Before joining the ECB, he was an economist at the Banque de France in Paris. He has master's degrees from École Centrale de Lyon, École Nationale de la Statistique et de l'Administration Economique (ENSAE), and La Sorbonne University. He is currently a doctoral student in economics at Goethe University in Frankfurt am Main, Germany.

Gregor W. Smith

Queen's University

Gregor W. Smith is the Douglas D. Purvis Professor of Economics at Queen's University, Canada. He is a Bank of Canada research fellow and has been a visiting scholar at the Federal Reserve Bank of Atlanta, Princeton, University of Toronto, and University of British Columbia. His research is in empirical macroeconomics, open-economy macroeconomics, and economic history. He received his doctorate in economics from the University of Oxford.

Ellis W. Tallman

Oberlin College

Ellis W. Tallman is the Danforth-Lewis professor of economics at Oberlin College. His research interests include macroeconomics, financial intermediation, and economic and financial history. Before joining Oberlin College, Tallman was a vice president and economist at the Federal Reserve Bank of Atlanta. He has been a visiting senior research economist at the Reserve Bank of Australia. He received his doctorate in economics from the University of Rochester.

Robert J. Tetlow

Board of Governors of the Federal Reserve System

Robert J. Tetlow is a senior economist with the Board of Governors of the Federal Reserve System. Before joining the Board staff in 1995, he was an officer in the research department of the Bank of Canada. He is a member of the Advisory Committee of the Society for Computational Economics and has consulted on monetary policy design at the Bank of England and the Sveriges Riksbank. He received his doctorate in economics from Carleton University in Ottawa, Ontario.

Jinghai Zheng
University of Gothenburg

Jinghai Zheng is a senior research fellow, Norwegian Institute of International Affairs, Norway; and associate professor, department of economics, University of Gothenburg, Sweden. He is the president-elect of the Chinese Economic Association (UK) 2008-09, as well as the president-elect of the Chinese Economic Association (Europe), to be established this fall. He is also a guest research fellow at the Centre for China Studies, Tsinghua University, Beijing, China, and visiting professor at the School of Economics, Zhejiang University. He received his doctorate in economics from Gothenburg University, Sweden.

Xiaodong Zhu
University of Toronto

Xiaodong Zhu is a professor of economics at the University of Toronto and a special term professor at the School of Economics and Management at Tsinghua University in Beijing. He is the founding editor of the *Chinese Journal of Economics* and is on the editorial board of the *China Economic Review*, *China Economic Quarterly*, and *Annals of Economics and Finance*. He received his doctorate in economics from the University of Chicago.

