SEBASTIAN LAUMER

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EDUCATION

2015 – 2021	(Expected) Ph.D. in Economics, University of Illinois at Urbana-Champaign (UIUC), USA
2012 – 2015	M.Sc. in Economics, University of Hamburg, Germany Study Abroad: University of Kansas, Lawrence, USA
2009 – 2012	B.Sc. in Economics, University of Hamburg Study Abroad: Charles University, Prague, Czech Republic

RESEARCH INTEREST

Bayesian Macroeconometrics, Fiscal Policy, Applied Time Series

WORKING PAPERS

Government Spending and Heterogeneous Consumption Dynamics
Status*: **Accepted Subject to Minor Revisions***

Does the Government Spending Multiplier depend on the Business Cycle?
(Joint with Collin Philipps, UIUC), Status: ***Submitted***

WORK IN PROGRESS

Government Spending between Active and Passive Monetary Policy
(Joint with Collin Philipps, UIUC)

WORK EXPERIENCE

Summer 2018	Ph.D. Internship at the Deutsche Bundesbank, Frankfurt, Germany
2014 – 2015	Research Assistant at the Hamburg Institute of International Economics, Hamburg

TEACHING EXPERIENCE

Fall 2019	Head Teaching Assistant, Introduction to Macroeconomics (Undergraduate), UIUC, Evaluation: TBA
Spring 2019	Head Teaching Assistant, Intermediate Macroeconomics (Undergraduate), UIUC, Evaluation: **4.9/5.0****
Fall 2018	Head Teaching Assistant, Introduction to Macroeconomics (Undergraduate), UIUC, Evaluation: **4.9/5.0****
Spring 2018	Head Teaching Assistant, Intermediate Macroeconomics (Undergraduate), UIUC, Evaluation: **4.8/5.0****
Fall 2017	Head Teaching Assistant, Introduction to Macroeconomics (Undergraduate), UIUC, Evaluation: **4.6/5.0****
Spring 2017	Head Teaching Assistant, Intermediate Macroeconomics (Undergraduate), UIUC, Evaluation: **4.9/5.0****
Fall 2016	Teaching Assistant, Introduction to Macroeconomics (Undergraduate), UIUC, Evaluation: 4.2/5.0

(Awarded in the "List of Teachers ranked as Excellent by their Students, with Outstanding Ratings")**

Fellowships, Honors and Awards

Spring 2019	Robert E. Demarest Memorial Teaching Award, UIUC
Spring 2018	Hans Brems Graduate Research Award ("Third-Year Paper Award"), UIUC
Spring 2017	Summer Research Fellowship, UIUC
Spring 2017	Graduate Teaching Certificate, Center for Innovation in Teaching & Learning, UIUC
2015 – 2016	Graduate School Fellowship, UIUC
2013 – 2014	Graduate Direct Exchange (GDX) Scholarship, University of Kansas
2013 – 2014	Hamburglobal Stipend, University of Hamburg
2013 – 2014	Fulbright Travel-Only Grant, Berlin, Germany
Summer 2012	Best of Class Graduate, B.Sc. in Economics, University of Hamburg

Presentations (*Co-Author)

2019	Midwest Econometrics Group, Ohio State, Columbus*; RCEA Macro, Money and Finance Conference, Waterloo, Canada; Annual Conference Western Economic Association, San Francisco; Graduate Student Seminar, UIUC; Macroeconomics Group, UIUC; 21st Dynamic Econometrics Conference, Washington DC
2017/18	EGSC, Washington University, St. Louis; Bundesbank, Frankfurt, Germany; Quantitative Wirtschaftsforschung, University of Hamburg, Germany; RCEA Bayesian Workshop, Rimini, Italy; Graduate Student Seminar, UIUC; Midwest Economic Association's Annual Meeting, Evanston; Macroeconomics Group, UIUC (2x); Third-Year Paper Seminar, UIUC

Personal Information

Languages	English (fluent), German (native)
Citizenship	German (F-1 Visa)

Computer Skills

Matlab, Latex, Stata, Microsoft Office (Excel, Word, Power Point)

References

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Abstracts

- **Government Spending and Heterogeneous Consumption Dynamics**
  Status: ***Accepted Subject to Minor Revisions***

  What is the effect of government spending on consumption? Neoclassical and new Keynesian models deliver opposing predictions, and empirical studies differ in their conclusions. This paper takes a data-driven approach and exploits information from over 200 variables via a Bayesian factor-augmented VAR model. I use sign restrictions for identifying effects that both classes of models agree upon. This approach imposes a minimal set of restrictions to the empirical model, leaving the sign and magnitude of the effect of government spending on consumption free to be determined by the data. I find that: (i) government spending increases aggregate consumption; (ii) the estimated spending multiplier is close to 2; (iii) there exists heterogeneity even within durable, nondurable and service consumption variables which is undocumented in the literature. Finally, I show that my identified structural shocks are not predictable by economic agents and are uncorrelated with traditional monetary policy shocks, suggesting that these effects are not confounded by monetary policy.

- **Does the Government Spending Multiplier depend on the Business Cycle?**
  (Joint with Collin Philipps, UIUC), Status: **Submitted**

  We use a Bayesian smooth transition VAR model to investigate whether the government spending multiplier varies between expansions and recessions. The empirical literature provides evidence for several opposing scenarios. We first characterize the identifying assumptions the literature relies on and replace them step-by-step by weaker restrictions. We find that the dominating result of the literature that the spending multiplier is higher during recessions is an outcome of the constant state assumption. Once this assumption is released and the economy is free to leave its initial state, spending multipliers are estimated to be similar across the business cycle. Moreover, we provide evidence that the economy, if hit by a government spending shock during a recession, leaves the recession after around one year and reaches a similar growth path as if it was hit during an expansion. Hence, there should be no reason to believe that the spending multiplier differs across the business cycle. Finally, we show that recession multipliers of government investment, nondefense spending and state & local spending are higher than their government consumption, defense spending and federal spending counterparts.

- **Government Spending between Active and Passive Monetary Policy**
  (Joint with Collin Philipps, UIUC)

  Theory predicts that the effect of government spending on the economy is more pronounced if monetary policy accommodates fiscal policy. Following a government spending shock, inflation increases. If monetary policy is passive, the central bank reacts less than one-to-one to inflation and the real interest rate decreases. The lower real interest rate decreases the incentive to save, causing households to raise consumption. As a result, the government spending multiplier exceeds one. We use a Bayesian smooth-transition VAR model to evaluate these predictions. Our preliminary results indicate that monetary policy was active during the 1960's, passive during the 1970's and active during the Volcker-Greenspan period. Since 2000, monetary policy was mostly passive. We find that the spending multiplier is higher when monetary policy is passive and the central bank does not change its responsiveness to inflation as it is implied under traditional impulse response functions. However, if we apply generalized impulse response functions, the central bank may adjust its policy. In this scenario, we show that the spending multiplier does not vary between active and passive monetary policy. We conclude that the spending multiplier does not only depend on the initial monetary policy regime but also on how the central bank commits to future policy.