

Flora Budianto

Freie Universität Berlin

School of Business and Economics

Chair of Macroeconomics

Boltzmannstrasse 20

14195 Berlin, Germany

flora.budianto@gmail.com

Phone: +49 157 746 309 18

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

RESEARCH FIELDS

Macroeconomics, Monetary Economics, Public Economics, Quantitative Methods

EDUCATION

- SINCE 2015 **Ph. D. student at Freie Universität Berlin**
Supervisor: Prof. Dr. Mathias Trabandt, Freie Universität Berlin
Expected completion: Spring 2019
Dissertation Title: Essays in Macroeconomics
- SINCE 2012 **Research Training Group 1659 "Interdependencies in the Regulation of Markets" and Berlin Doctoral Program in Economics, and Management Science (BDPEMS)**
- 2012 **M. Sc. in Economics**
Humboldt–Universität zu Berlin
- 2011-2012 **Visiting M. Sc. Student, University of British Columbia, Vancouver**
- 2010 **B. Sc. in Economics**
Ludwig–Maximilians–Universität München

INTERNSHIPS

- 2017 **European Central Bank (ECB)**
Summer Graduate Research Program
Directorate General Research, Monetary Policy Research
Tasks: Conduct research on a proposed topic of relevance to the ECB under the supervision of a senior economist and present the results in a seminar
- 2010 **ifo Institute for Economic Research Munich**
Department for Energy, Environment and Exhaustible Resources
- 2009 **German Institute for Economic Research Berlin (DIW)**
Macroeconomics Department

RESEARCH

[Inflation Targets and the Zero Lower Bound](#) (*Job Market Paper*)

Abstract: Does a higher inflation target help to reduce the risk of hitting the zero lower bound (ZLB) on nominal interest rates? Recently, higher inflation targets for central banks have been proposed to allow for more "room-to-manoeuvre" in deep recessions. Advocates of this proposal suggest an inflation target of 4% to reduce the risk of hitting the ZLB. I show that the opposite may happen: a 4% inflation target can, in fact, increase the risk of hitting the ZLB compared to a 2% inflation target. Using a standard New Keynesian model, a higher inflation target changes the price-setting behavior of firms in a substantial way. Specifically, firms become more forward-looking, inflation is more volatile and, thereby, the nominal interest rate fluctuates more. I show that even with more "room-to-manoeuvre" for the nominal interest rate due to a higher inflation target, the higher volatility of the nominal interest rate implies that the economy ends up – on net – more often at the ZLB.

[Are Consumption Tax Cuts Expansionary in a Liquidity Trap?](#) (*submitted*)

Abstract: Do temporary value-added tax (VAT) cuts stimulate aggregate consumption? I show that the canonical New Keynesian model predicts that they are expansionary in normal times but contractionary in deep recessions (i.e. when an effective lower bound on nominal interest rates is binding). A potential issue is that standard models only account for consumption of non-durable goods. However, in countries that levy VAT, consumer durables typically represent roughly 40% of total consumption expenditures on goods and services that are subject to the VAT. I allow for consumption of durable goods in the New Keynesian model and now find that the previous results are completely overturned: temporary consumption tax cuts have large positive macroeconomic effects both in normal times and in a liquidity trap. The reason is that purchases of durable goods are highly intertemporally substitutable - consumers will stock up on storable goods when prices are currently low. But most interestingly, I observe that the boom in the durable goods sector spills over to the non-durable goods sector. The VAT cut becomes expansionary for both non-durable and durable goods consumption. The findings of this paper suggest that it is important to distinguish between different types of consumption goods to study the aggregate effects of consumption tax changes.

[Revisiting the Comovement Puzzle](#)

Abstract: In standard two-sector monetary business cycle models, the Comovement Puzzle describes the observation that production and employment in different sectors move in opposite directions after an economy-wide shock. This is clearly at odds with empirical evidence. The reason for the Comovement Puzzle roots in two key assumptions in these models: Fully flexible durable good prices and free movement of resources across sectors. In this paper, I introduce wage rigidities in an otherwise standard two-sector New Keynesian model. Wage rigidities reduce the fluctuations in marginal cost of both non-durable and durable good producing firms. The latter generates a new source for price rigidities. The paper finds that a model specification with wage rigidities is able to replicate the comovement of production and employment in both sectors after a monetary contraction. From the estimated model using Bayesian techniques, it can be shown that some degree of price stickiness for durable goods and the presence of wage rigidity cannot be rejected.

Revisiting the Forward Guidance Puzzle (*Work in progress*), joint with Oliver Holtemöller and Mathias Trabandt

Unconventional Fiscal Policy in Practice: Evidence from the 2013 Japanese VAT Reform (*Work in progress*), joint with Tomohiro Sugou

RELEVANT POSITIONS

- SINCE 2015 **Teaching and Research Assistant to Prof. Dr. Mathias Trabandt**
Freie Universität Berlin, Chair of Macroeconomics
Primary tasks: Teaching assistant for various courses at undergraduate and graduate levels at Freie Universität Berlin, research assistance to Prof. Dr. Mathias Trabandt, supervision of Bachelor and Master theses (8 Master, 1 Bachelor)
- 2014 **Econometrics Tutor to Prof. Dr. Bernd Droge**
Humboldt–Universität zu Berlin, Chair of Econometrics
- 2012-2013 **Research Assistant to Prof. Dr. Frank Heinemann**
Technical University Berlin, Chair of Macroeconomics
- 2010-2011 **Research Assistant to Prof. Lutz Weinke, Ph. D.**
Humboldt–Universität zu Berlin, Institute of Economic Policy
- 2009-2010 **Macroeconomics Tutor to Prof. Dr. Gerhard Illing and Prof. Dr. Gebhard Flaig**
Ludwig–Maximilians–Universität München, Chair of Macroeconomics
- 2008-2009 **Student Assistant at ifo Institute for Economic Research Munich**
Press, Publications and Conferences

CONFERENCES AND SEMINAR PRESENTATIONS

- 2018 Freie Universität Berlin, Verein für Socialpolitik (Freiburg), Dynare Conference (Frankfurt), Spring Meeting of Young Economists (Palma de Mallorca),
- 2017 European Central Bank, Freie Universität Berlin, International Conference on Macroeconomic Analysis and Finance (Crete)
- 2016 Freie Universität Berlin

COURSES AND TRAINING

- 2018 "Heterogeneous Agent Models in Continuous Time with Monetary Policy Applications", by Benjamin Moll (Princeton University)
"Introduction to Regime-Switching DSGE Modeling using the RISE toolbox", by Junior Maih (Norges Bank and BI Norwegian Business School)

- 2017 "DSGE Models with Occasionally Binding Constraints" ,
by Matteo Iacoviello (Federal Reserve Board)
"Advances in the Computational Methods for Models with Occasionally,
Binding Constraints" by Fabio Canova (BI Norwegian Business School and EUI),
Wouter den Haan (London School of Economics),
Junior Mailh (Norges Bank and BI Norwegian Business School)
and Francesca Loria (Federal Reserve Board)
- 2015 "Heterogeneous Agent Models in Macroeconomics",
by Michael Reiter (Institute for Advanced Studies Vienna)
- 2014 "Financial Intermediation and Regulation", by Gyöngyi Lóránth (University Vienna)
- 2013 "Welfare Effects of Labor Market Institutions", by Gilles Saint-Paul (Paris School of Economics)
"Quantile Regression", by Bernd Fitzenberger (Humboldt-Universität zu Berlin)

SCHOLARSHIPS

- 2017, 2018 Travel Grant from Freie Universität Berlin
- 2012-2015 Fellowship from the German Science Foundation
- 2012 Wirtschaftswissenschaftliche Gesellschaft e.V.,
scholarship for visiting University of British Columbia

TEACHING EXPERIENCE

- | | |
|---|--|
| Recent Research in Macroeconomics (graduate)
Prof. Dr. Mathias Trabandt | Fall 2016, Spring 2017, Fall 2017 |
| Macroeconomic Analysis (graduate)
Prof. Dr. Mathias Trabandt | Fall 2015, Fall 2016, Fall 2017, Fall 2018 |
| Monetary and Fiscal Policy (graduate)
Prof. Dr. Mathias Trabandt | Fall 2015, Fall 2016, Spring 2017 |
| Topics in International Macroeconomics (graduate)
Prof. Martin Eichenbaum, Ph. D. | Spring 2017 |
| Macroeconomic Colloquium (undergrad. and grad.)
joint with Pablo Anaya | Fall 2016, Spring 2017, Fall 2017,
Spring 2018, Fall 2018 |

Topics in Macroeconomics (graduate) Prof. Lawrence Christiano, Ph.D.	Spring 2017
Principles of Macroeconomics II (undergraduate) Dr. Philipp Engler, Prof. Dr. Mathias Trabandt	Spring 2016, Spring 2017
Econometrics (undergraduate) Prof. Dr. Bernd Droge	Spring 2014
Macroeconomics I (undergraduate) Prof. Dr. Gerhard Illing, Prof. Dr. Gebhard Flaig	Spring 2009, Fall 2009

REFEREE

Journal of Economic Dynamics and Control
Editor of the BDPEMS Working Paper Series (since 2015)

SOFTWARE KNOWLEDGE

MATLAB, Stata, eViews, LaTeX, LyX, MS Office

LANGUAGES

German (*native*), English (*fluent*), Indonesian (*intermediate*), French (*intermediate*)

PERSONAL INFORMATION

Citizenship: German

REFERENCES

Prof. Dr. Mathias Trabandt
Professor of Macroeconomics
Freie Universität Berlin
Boltzmannstrasse 20
14195 Berlin, Germany
Email: mathias.trabandt@fu-berlin.de
Phone: +49 30 838 608 95

Prof. Lutz Weinke, Ph.D.
Professor of Economic Theory
Humboldt-Universität zu Berlin
Spandauer Strasse 1
10178 Berlin, Germany
Email: lutz.weinke@wiwi.hu-berlin.de
Phone: +49 30 209 399 572

Dr. Sebastian Schmidt
European Central Bank
Directorate General Research
Sonnemannstrasse 20
60314 Frankfurt am Main, Germany
Email: sebastian.schmidt@ecb.int
Phone: +49 69 134 482 66