

**Call for Papers**

Maastricht Observatory for Responsible, Resilient and Sustainable Societies, Economies and Enterprises

3rd Annual Conference 2023

**Track:**

**Uncertainty in Empirical Macroeconomics**

Maastricht, the Netherlands, 23-25 October 2023

**Track Chairs:**

Giulia Piccillo, Poramapa Poonpakdee

**Description of the track**

The aim of this track is to bring together empirical evidence that helps bridging the gap between theoretical uncertainty and macroeconomic models. Uncertainty has long been linked to adverse macroeconomic outcomes transmitted through various mechanisms such as financial friction and pessimistic expectations. Knight (1921) identified two types of uncertainty: ambiguity and risk, and Ellsberg (1961) theoretically showed that people respond differently to each. Ambiguity refers to a situation in which the probability of a future event cannot be determined, while risk describes events where the likelihood is known. However, it is yet unclear to what extent these two concepts of uncertainty can be applied to the transmission mechanisms in macroeconomic models. Furthermore, there is scarce evidence on how ordinary economic agents, such as households, adjust to aggregate uncertainty or if it aligns with decision-making theories used in macroeconomic models. The track seeks to deepen our understanding of the relationship between theoretical concepts of uncertainty and their implications on macroeconomic models.

**Examples of relevant research questions**

* Measurement of ambiguity and risk using macroeconomic data
* Different effects of ambiguity and risk on the economy
* Transmission mechanisms of uncertainty observed in empirical macro
* Relationship between aggregate uncertainty and individual expectations or decisions
* National scale empirical studies of preferences over ambiguity and risk

**References:**

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* Bianchi, F, H Kung and M Tirskikh (eds) (2019), “DP13450 The Origins and Effects of Macroeconomic Uncertainty”, *CEPR Press Discussion Paper* No. 13450. <https://cepr.org/publications/dp13450>
* Bloom, N. (2014). Fluctuations in Uncertainty. *Journal of Economic Perspectives*, 28 (2): 153-76. <https://www-aeaweb-org.mu.idm.oclc.org/articles?id=10.1257/jep.28.2.153>
* Cosmin L. I. & Schneider, M. (2022). Modeling Uncertainty as Ambiguity: a Review. *NBER Working Papers 29915*, National Bureau of Economic Research. <https://ideas.repec.org/p/nbr/nberwo/29915.html>
* Ellsberg, D. (1961). Risk, Ambiguity, and the Savage Axioms. *The Quarterly Journal of Economics*, *75*(4), 643–669. <https://doi.org/10.2307/1884324>
* Fernández-Villaverde, J. & Guerrón-Quintana, P. A. (2020). Uncertainty shocks and business cycle research. *Review of Economic Dynamics*. <https://doi.org/10.1016/j.red.2020.06.005>
* Knight, F. H. (1921). Risk, Uncertainty and Profit, University of Illinois at Urbana-Champaign's Academy for Entrepreneurial Leadership Historical Research Reference in Entrepreneurship. [https://ssrn.com/abstract=1496192](https://ssrn.com/abstract%3D1496192%22%20%5Ct%20%22_blank)
* Piccillo, G. & Poonpakdee, P. (2021). Effects of Macro Uncertainty on Mean Expectation and Subjective Uncertainty: Evidence from Households and Professional Forecasters. *CESifo Working Paper Series*. <https://ideas.repec.org/p/ces/ceswps/_9486.html>

**The deadline for submissions is 1 June, 2023.**

All submissions must use the **submission template** and **use the submission procedure** on the webpage otherwise they will not be considered for review.

**Submit your paper here**.

**The registration for the MORSE 2023 will be open until 31st August, 2023.**

**Register here.**