

MICHAEL MCMAHON
m.mcmahon@warwick.ac.uk

Warwick Contact Information:

2.113, Department of Economics
 University of Warwick
 Coventry
 CV4 7AL
 E-mail: m.mcmahon@warwick.ac.uk

Home Contact Information:

Flat 1
 22 Manville Road
 London
 SW17 8JN

Personal Information: Date of birth: 20/02/79 Sex: Male Nationality: Irish

Undergraduate Studies:

B.A. (Mod), Economics, Trinity College, Dublin, 1st Class Honours, 2000

Graduate Studies:

PhD Economics, London School of Economics, 2005 - 2009
Supervisor: Prof. Francesco Caselli

MRes Economics, London School of Economics, University of London, Graduated 2005.

MSc Economics, London School of Economics, University of London, Graduated 2001.

Employment History

University of Warwick, Department of Economics	Sept 2008 -	Assistant Professor of Economics
London School of Economics, and CEP	Oct 2004 – Sept 2008	Tutorial Fellow (2006 – 2008) Graduate Teaching Assistant (2004 - 2006) Research Assistant to Francesco Caselli EC235 Summer School Teacher Stata for MRes students – class teacher
New York University	Sept 2007 – May 2009	Lecturer (part-time) at the London campus
Chicago GSB	Oct 2005 – Jan 2006	TA on Prof. Caselli's macro course
Bank of England	Oct 2004 -	Consultant (part-time)
	2001 – Oct 2004	Lead Euro Area Economist (2004)
	2000 – 2001	Part-time Economist
	Summer 1999	Summer Intern, Domestic Finance Division
European Central Bank	Summer 2003	Seconded to DG-Research
Economic and Social Research Institute	Summer 2000	Research Intern
Central Bank of Ireland	Oct – March 1999	Part-time Research Intern

Honors, Scholarships, and Fellowships:

2006	LSE Graduate Teaching Assistant Prize for Top-rated Economics TAs
2006	University of Chicago GSB Performance Bonus for Teaching Excellence
2005	LSE Graduate Teaching Assistant Prize for Top-rated Economics TAs
2005-2006	G J Ponsonby Scholarship
2004 -	ESRC +3 Research Scholarship
2000 - 2001	Marjorie Dean Fellowship Award for Postgraduate Thesis
2000 - 2001	Bank of England Postgraduate Sponsorship Award
1999 - 2000	Bank of England Undergraduate Sponsorship Award
1998 - 2003	Elected Scholar of Trinity College, Dublin by the University Fellows.

Teaching Experience

Warwick University	Lecturer - MSc Research Methods Lecturer - Undergraduate (1 st year) Macroeconomics Seminar Leader - MSc Macroeconomics
LSE: Undergraduate: Postgraduate:	EC303 Economics of the EU (2004-2006, 3 x Summer School) MSc Macroeconomics (2006-2008) Stata for MRes Students (Course leader 2006, 2007)
New York University:	Lecturer - Money & Banking (London Campus, Fall 2007, Spring 2008)
University of Chicago:	Macroeconomics for MBA students, GTA (GSB - London)

Other Activities

Euro-area Business Cycle Research Network Fellow (February 2006 -)
Member - The Advisory Group of Economics Network of the Higher Education Academy (2006 -)
Member of the Royal Economic Society (RES).
Member of European Commission's Expert Group on Economic Forecasting (Oct 2001 – Sept 2004)
Editor, Student Economic Review, 1999.

COMPLETED PAPERS:

"Inventories in Motion: A New Approach to Inventories of the Business Cycle", mimeo, November 2008

Inventory changes have made up almost 50% of the volatility of US GDP growth in the last half century, and yet most models of the business cycle do not consider any role for this channel. Inventories may arise as a result of many motives; in this paper I examine those inventories which arise naturally in the gaps between the production of goods and their consumption (distribution inventories) as well as a simple storage motive. Though these are technically difficult to embed in a general equilibrium business cycle model, I overcome these difficulties using a non-linear solution algorithm. Simulating a monthly model, I aggregate the data to a quarterly frequency and find that the inventories model matches the aggregate data well. I then consider whether changes in the management of inventories by firms in the last quarter of a century (an example of this is the so-called "Walmart Approach"), may have caused the coincident decline in the volatility of GDP growth - the Great Moderation. When I map the salient features of the improvements in inventory management, such as cheaper and faster distribution of goods, into the parameters of my model, I find little role for improved inventory management in explaining the decline in macroeconomic volatility. While the inventory management changes are useful to match aspects of the changes in inventory behaviour over the last 25 years, I conclude that the "Good Luck" hypothesis, namely, the idea that the decline in macroeconomic volatility is simply related to smaller and/or less frequent macroeconomic shocks, is a much more likely explanation for falling variance of GDP growth.

“Policy Uncertainty and Precautionary Savings” (2008).

Joint with Francesco Giavazzi. [NBER Working Paper 13911](#); [CEPR Discussion Paper 6766](#); [CEP Discussion Paper 863](#). A revision is being prepared for journal submission.

In 1997 Chancellor Kohl proposed a major pension reform and pushed the law through Parliament explaining that the German PAYG system had become unsustainable. One limitation of the new law -- one that is crucial for our identification strategy -- is that it left the generous pension entitlements of civil servants intact. The year after, in 1998, Kohl lost the elections and was replaced by Gerhard Schroeder. One of the first decisions of the new Chancellor was to revoke the 1997 pension reform. We use the quasi-experiment of the adoption and subsequent revocation of the pension reform to study how households reacted to the increase in uncertainty about the future path of income that such an event produced. Our estimates are obtained from a diff-in-diff estimator: this helps us overcome the identification problem that often affects measures of precautionary saving. Departing from the majority of studies on precautionary saving we also analyze households' response in terms of labour market choices: we find evidence of a labour supply response by those workers who can use the margin offered by part-time employment.

“Delayed Doves: MPC Voting Behaviour of Externals” (2008).

Joint with Stephen Hansen [CEP Discussion Paper 862](#). A revision is being prepared for submission.

Most countries in the world now choose interest rates by committee, but disagreement remains about what form an optimal committee takes. One issue is whether committees should include a mix of voters from inside and outside central banks. Proponents argue that such committees aggregate information from multiple perspectives and so make better decisions. This paper tests this idea using the voting record of the Bank of England's Monetary Policy Committee. It constructs a model that shows that in a committee where information aggregation is perfect, members who begin voting for the same interest rate should not systematically diverge from one another in the future. However, econometric results show that internal and external members vote together for their first year on the committee, and then systematically diverge from one another. This result remains even with the inclusion of member fixed effects. We then examine whether career concerns can explain our findings, and conclude that they cannot.

Older Policy Papers:

“Comments on ‘Household saving and cohabitation’ by Rob Alessie, Agar Brugiavini and Guglielmo Weber”, in [“NBER International Seminar on Macroeconomics”](#), edited by Richard Clarida, Jeffrey Frankel, Francesco Giavazzi and Kenneth West, 2006, The MIT Press.

[“The Role of ICT in the Global Investment Boom”](#) (2005).

Joint with Gabriel Sterne and Jamie Thompson. Bank of England Working paper 257.

“Assessing the Stance of Irish Fiscal Policy” (2000)

Joint with Ide Kearney, Daniel McCoy, David Duffy, and Diarmaid Smyth. Published in “Budget Perspectives, Proceedings of a Conference, Economic and Social Research Institute, Dublin, 19 September: 4- 40”.

“Differences in the Transmission of Monetary Policy in the Euro Area: An Empirical Approach” (2000)

Joint with Daniel McCoy. Central Bank of Ireland Research Technical Paper, 5/RT/00.

GOOD PRACTICE TEACHING CASE STUDIES:

Published by the Higher Education Academy's Economics Network and available at

www.economicsnetwork.ac.uk:

- [“Coaching Economics”](#).
- [“Employability, Transferable Skills and Student Motivation”](#).