

ELIF ONMUS-BAYKAL

1111 Arlington Blvd. Apt 824
Arlington, VA 22209
www12.georgetown.edu/students/eo57

Phone: (202) 256-5432
eo57@georgetown.edu
Citizenship: Turkey;
U.S. Visa: F-1

Placement Director: Roger Lagunoff lagunofr@georgetown.edu 202-687-1510
Graduate Student Coordinator: Barbara Kalabinski bhk@georgetown.edu 202-687-6260

EDUCATION

Georgetown University, Washington, DC, September 2004 – 2010 (Expected)
Ph.D., Economics

Dissertation Title: Welfare Implications of Monetary Policy Rules in Models with Labor and Financial Market Frictions

Primary Fields: Macroeconomics and Monetary Economics

Secondary Fields: International Finance, Macroeconometrics, Development Economics

Georgetown University, Washington, DC, February 2006
M.A., Economics

Bogazici University, Istanbul, Turkey, August 2004
M.A., Economics

Mimar Sinan University, Istanbul, Turkey, *Magna Cum Laude*, June 2001
B.S., Mathematics

WORKING PAPERS AND PUBLICATIONS

“*How Costly is CPI Inflation Targeting: A Two Sector Model with No Labor Mobility*,”
November 2009 (Revise and resubmit to The B.E. Journal of Macroeconomics).

“*Fire Sales of the Firms: A Monetary Model with Financial Frictions*,” October 2009.

“*Does higher financial integration increase the pass-through from exchange rate to inflation?*” with Ergys Islamaj.

“*Economic Development and Convergence in Turkey: A Province-Based Assessment with a Special Emphasis on The Southeastern Anatolia Project*,” M.A. Thesis, August 2004.

WORK EXPERIENCE

Georgetown University, Washington, DC

Instructor

International Finance, Economics Department, Summer 2009

Principles of Microeconomics, Economics Department, Summer 2008

Pre-Calculus, Mathematics Department, Summer 2007

Statistics with Exploratory Data Analysis, Mathematics Department, Summer 2006

Teaching Assistant

Economic Statistics, Economics Department, Spring 2006 & 2008, Fall 2006 & 2007
 Introduction to Econometrics, Economics Department, Spring 2007
 International Finance, Economics Department, Fall 2005 & 2008, Spring 2009
 Principles of Macroeconomics, Economics Department, Spring 2005
 Principles of Microeconomics, Economics Department, Fall 2004

Bogazici University, Istanbul, Turkey

Teaching Assistant

Business Mathematics, Department of International Trade, January 2004-June 2004
 Statistics, Department of Management, September 2003- June 2004

Mimar Sinan University, Istanbul, Turkey

Teaching Assistant

Partial Differential Equations, Department of Mathematics, October 2000-June 2001

COMPUTER SKILLS

STATA, MATLAB, SPSS, Scientific Workplace, Microsoft Office, E-views, Dynare

LANGUAGES

Turkish (native), English (fluent)

CONFERENCE PRESENTATION

Paper presenter and discussant, Midwest Economic Association Meeting, 2008
Presenter, Georgetown Macroeconomics Seminar (Washington DC, 2008 & 2009)

HONORS AND AWARDS

Graduate Merit Fellowship, Georgetown University, 2004-Present
Merit Based Conference Travel Grant, Georgetown University, Spring 2008
Magna Cum Laude, B.Sc. in Mathematics, Mimar Sinan University, Turkey, 2001
Second Highest Honors, Kucukcekmece High School, Turkey, 1997

PROFESSIONAL SERVICE AND AFFILIATIONS

Referee, The Berkeley Electronic Press,
Member, Midwest Economic Association, American Economic Association

THESIS COMMITTEE AND REFERENCES

Professor Behzad Diba	Professor Matthew B. Canzoneri	Professor Robert E. Cumby
Department of Economics	Department of Economics	Department of Economics
Georgetown University	Georgetown University	Georgetown University
(202)-687-5682	(202)-687-5911	(202)-687-2990
dibab@georgetown.edu	canzonem@georgetown.edu	cumbyr@georgetown.edu

DISSERTATION PAPERS

“How Costly is CPI Inflation Targeting: A Two Sector Model with No Labor Mobility”

This paper studies the welfare costs of price rigidities in a closed economy model without labor mobility. First, in a one-sector model, I find a significant welfare cost of price rigidities under a standard Taylor rule, especially when labor is immobile. In the one-sector model, strict CPI inflation targeting is able to eliminate the welfare cost of price rigidities, with or without labor mobility. Then I develop a vertically integrated two-sector model with nominal and real rigidities where there is a natural distinction between the rates of inflation in the final and intermediate goods sectors. In the two-sector model, the real rigidities are introduced by assuming that labor is immobile across sectors and firms. In the model, labor immobility plays an allocative role and causes large fluctuations in hours of work. This, in turn, magnifies the welfare costs of nominal rigidities. I find that the welfare costs range from 1.62% to 2.33% of consumption per period for different degree of price rigidities under an estimated Taylor rule over the Volcker and Greenspan years. Taking the household welfare under optimal (Ramsey) monetary policy as a benchmark, I show that an optimal modified Taylor rule with two measures of inflation is able to bring welfare closer to the benchmark value and reduces the welfare costs substantially even if labor mobility is restricted.

“Fire Sales of the Firms: A Monetary Model with Financial Frictions”

This paper studies the capital *fire sales* of the firms in an economy with financial frictions, nominal private debt, and price rigidity hit by negative aggregate shocks. It incorporates the *systemic risk* argument into an infinite horizon monetary model to investigate the need for policy intervention during a financial crisis. Inefficiency in output and investment arises due to the collateral constraints faced by borrowers and the fact that asset prices are determined in a competitive market, which creates a *pecuniary externality*. I find that the strength of borrowing constraints is important in explaining the amount of capital *fire sales*. The depth of financial crisis and the inefficiency loss in aggregate output are more pronounced in an economy with high leverage because of the higher negative pecuniary externality stemming from the fire sales of capital by highly indebted entrepreneurs. Moreover, the paper describes optimal (Ramsey) monetary policy and compares it with a Taylor-type interest rate rule to see if a policy intervention could be appropriate during a credit boom to reduce the expected costs of capital fire sales. It also investigates whether inflation variability is part of Ramsey equilibrium as it may potentially relax the borrowers' collateral constraint.