Contents

Co	nten	S. S. C.	v					
Lis	List of Figures viii							
Lis	st of	Tables	x					
Lis	st of	Abbreviations	ci					
Li	st of	Original Papers x	ii					
I	Su	mmary	1					
II	R	esearch Papers	7					
1	Optimal Policy and Taylor Rule Cross-Checking Under Parameter							
	Unc	ertainty	8					
	1.1	Introduction	8					
	1.2	The theoretical framework	1					
		1.2.1 The conduct of monetary policy	1					
		1.2.2 The model economy	6					
	1.3	Simulation	9					
		1.3.1 Simulation setup	9					
		1.3.2 Simulation results - commitment	22					
		1.3.3 Simulation results - discretion	30					
	1.4	Conclusion	33					
2	Trust in the Monetary Authority 36							
	2.1	Introduction	36					
	2.2	The model	10					
		2.2.1 Baseline trust game	10					

		2.2.2 Extended trust game						
		2.2.3 Payoffs aggregation						
		2.4 Implementing the trust game in a macro model 48						
		2.2.5 Aggregate economy						
		2.2.5.1 Household						
		2.2.5.2 Final good firm and intermediate good firms 54						
		2.2.5.3 Equilibrium conditions and the monetary authority 55						
		2.2.5.4 Calibration and shock processes						
	2.3	Quantitative analysis						
	2.4	Empirical evidence						
		2.4.1 Eurobarometer surveys and macroeconomic data 63						
		2.4.1.1 Estimation strategy 65						
		2.4.1.2 Time series analysis of trust: Issues and results 65						
	2.5	Conclusions						
	2.0	John Galleria Control						
3	Tru	Me! I am a European Central Banker 75						
	3.1	ntroduction						
	3.2	Literature review						
	3.3	Determinants of trust in the European Central Bank						
		3.3.1 Data sources and descriptive statistics						
		3.3.2 The role of socio-economic characteristics						
		3.3.3 The role of macroeconomic conditions						
		3.3.4 A structural break in trust during the crisis						
		3.3.5 The role of macroeconomic conditions during the crisis 88						
		3.3.6 The role of within-country heterogeneity 91						
	3.4	Conclusion						
	0.4	Souciusion						
4	Tru	Trust in the Fiscal Authority 94						
	4.1	Introduction						
	4.2	Empirical evidence						
	4.3	Theoretical model						
		1.3.1 Trust game						
		1.3.2 Aggregation and implementation						
		4.3.3 Aggregate economy						
		4.3.3.1 Representative household						
		4.3.3.2 Representative firm						
		4.3.3.3 Equilibrium conditions and the fiscal authority 108						
	4.4	Quantitative analysis						
	7.7	4.4.1 Calibration						
		4.4.2 Simulation results						
	4.5	Conclusion						
	4.0	Conclusion						

Bibliography							
Appen	dices		123				
Α	Apper	idix to Chapter 2	. 123				
	A.1	Utility specification	. 123				
	A.2	Impulse responses for different values of θ	. 124				
	A.3	Generalized impulse response functions	. 125				
	A.4	Eurobarometer data sets	. 126				
В	Apper	ndix to Chapter 3	. 127				
	B.1	Eurobarometer data sets	. 127				
	B.2	Figures referred to in the main text	. 128				
	B.3	Tables referred to in the main text	. 133				
С	Apper	idix to Chapter 4	. 144				
	C.1	Average level of citizens' trust in national parliaments	. 144				
	C.2	Eurobarometer data sets	. 147				
	C.3	Impulse responses for different values of θ	. 148				
Ackno	wledge	ements	150				
Curriculum Vitae							